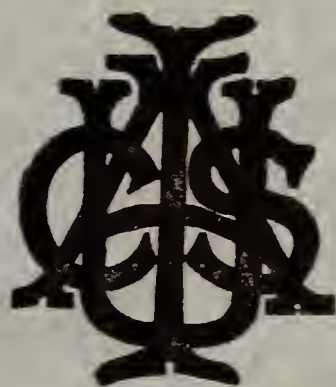


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International Association Of Casualty and Surety Underwriters



**THIRD CONVENTION
CHATEAU FRONTENAC
QUEBEC, CANADA
JULY 8th, 9th, 10th, 11th, 1913**




Chas. M. Woodard

PRESIDENT

THIRD CONVENTION
INTERNATIONAL ASSOCIATION
OF CASUALTY AND SURETY
UNDERWRITERS

JULY EIGHTH TO ELEVENTH INCLUSIVE
NINETEEN HUNDRED AND THIRTEEN

QUEBEC, CANADA
CHATEAU FRONTENAC



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MEMBERSHIP OF THE INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS

Aetna Accident & Liability Company, Hartford, Conn.
 Aetna Life Insurance Company, Hartford, Conn.
 American Casualty Company, Reading, Pa.
 American Fidelity Company, Montpelier, Vt.
 American Surety Company, New York, N. Y.
 Bankers Accident Insurance Company, Des Moines, Iowa.
 The Canadian Railway Accident Insurance Company, Montreal, Canada.
 Casualty Company of America, New York, N. Y.
 Columbian National Life Insurance Company, Boston, Mass.
 Commercial Casualty Insurance Company, Newark, N. J.
 Commercial Travellers Eastern Accident Association, Boston, Mass.
 Commercial Travelers Mutual Accident Association of America, Utica,
 N. Y.
 The Connecticut General Life Insurance Company, Hartford, Conn.
 Continental Casualty Company, Chicago, Ill.
 The Dominion Gresham Guarantee & Casualty Company, Montreal, Canada.
 The Employers' Liability Assurance Corporation, Ltd., London, England.
 (United States Branch, Boston, Mass.)
 The Equitable Accident Company, Boston, Mass.
 European Accident Insurance Company, Ltd., London, England. (United
 States Branch, New York, N. Y.)
 The Fidelity & Casualty Company, New York, N. Y.
 Fidelity & Deposit Company of Maryland, Baltimore, Md.
 The Frankfort General Insurance Company, Frankfort, Germany. (United
 States Branch, New York, N. Y.)
 General Accident, Fire & Life Assurance Corporation, Ltd., Perth,
 Scotland. (United States Branch, New York, N. Y.)
 General Accident Assurance Corporation, Toronto, Canada.
 German Commercial Accident Company, Philadelphia, Pa.
 Globe Indemnity Company, New York, N. Y.
 Hartford Steam Boiler Inspection & Insurance Company, Hartford, Conn.
 Illinois Commercial Men's Association, Chicago, Ill.
 The Imperial Guarantee & Accident Insurance Company, Toronto, Canada.
 Indemnity Life & Accident Company, Minneapolis, Minn.
 Inter-State Business Men's Accident Association, Des Moines, Iowa.
 Iowa State Traveling Men's Association, Des Moines, Iowa.
 The Law, Union & Rock Insurance Company, Ltd., London, England.
 (Canadian Branch, Montreal, Canada.)
 Lloyds Plate Glass Insurance Company, New York, N. Y.
 London Guarantee & Accident Company, Ltd., London, England. (United
 States Branch, Chicago, Ill.)
 London & Lancashire Guarantee and Accident Company, Toronto, Canada.
 The Loyal Protective Insurance Company, Boston, Mass.
 Maryland Casualty Company, Baltimore, Md.
 Masonic Mutual Accident Company, Springfield, Mass.
 Massachusetts Accident Company, Boston, Mass.

Massachusetts Bonding & Insurance Company, Boston, Mass.
 The Metropolitan Casualty Insurance Company, New York, N. Y.
 Missouri Fidelity & Casualty Company, Springfield, Mo.
 Munich Re-Insurance Company, Munich, Germany.
 National Casualty Company, Detroit, Mich.
 National Surety Company, New York, N. Y.
 New Amsterdam Casualty Company, New York, N. Y.
 New England Casualty Company, Boston, Mass.
 New Jersey Fidelity & Plate Glass Insurance Company, Newark, N. J.
 The New York Plate Glass Insurance Company, New York, N. Y.
 The North American Accident Insurance Company, Chicago, Ill.
 The Ocean Accident and Guarantee Corporation, Ltd., London, England.
 (United States Branch, New York, N. Y.)
 The Order of United Commercial Travelers of America, Columbus, Ohio.
 The Pacific Mutual Life Insurance Company, Los Angeles, Cal.
 Preferred Accident Insurance Company, New York, N. Y.
 Royal Indemnity Company, New York, N. Y.
 The Standard Accident Insurance Company, Detroit, Michigan.
 The Title Guaranty & Surety Company, Scranton, Pa.
 The Travelers Insurance Company, Hartford, Conn.
 Union Casualty Insurance Company, Philadelphia, Pa.
 United States Casualty Company, New York, N. Y.
 United States Fidelity & Guaranty Company, Baltimore, Md.
 United States Health & Accident Insurance Company, Saginaw, Mich.
 Western Travelers Accident Association, Omaha, Neb.

Individual Members.

Edward Griffith, of E. E. Clapp & Company, 90 William Street, New York, N. Y.
 Bayard P. Holmes, Hooper-Holmes Information Bureau, 80 Maiden Lane, New York, N. Y.
 F. Robertson Jones, Secretary-Treasurer Workmen's Compensation Publicity Bureau, 80 Maiden Lane, New York, N. Y.
 Dr. W. Edward Magruder, Adjuster of Claims for Accident and Health Insurance Companies, Baltimore, Md.

Honorary Member.

James V. Barry, Assistant Secretary, Metropolitan Life Insurance Company, New York, N. Y.



Wilfrid O. Jones

VICE-PRESIDENT
PERSONAL ACCIDENT AND HEALTH
(STOCK COMPANIES)

EXECUTIVE COMMITTEE

J. SCOFIELD ROWE,

Chairman,

Vice-President, Aetna Life
Insurance Company,
Hartford, Conn.

JOHN EMO,

General Manager and Secretary,
The Canadian Railway Accident
Insurance Company,
Montreal, Canada.

CORWIN McDOWELL,

Ex-Officio,
Vice-President of the Association.

A. DUNCAN REID,

Secretary and General Manager, Globe
Indemnity Company,
New York, N. Y.

THEODORE E. GATY,

Ex-Officio,
Vice-President of the Association.

T. J. FALVEY,

President, Massachusetts Bonding
and Insurance Company,
Boston, Mass.

WILLIAM F. MOORE,

Ex-Officio,
Vice-President of the Association.

JOHN T. STONE,

President, Maryland Casualty Company,
Baltimore, Md.

WILLIAM B. JOYCE,

Ex-Officio,
Vice-President of the Association.

CHARLES H. HOLLAND,

Ex-Officio,
President of the Association.

LYMAN B. BRAINERD,

Ex-Officio,
Vice-President of the Association.

WILFRID C. POTTER,

Ex-Officio,
Vice-President of the Association.

F. ROBERTSON JONES,

Ex-Officio,
Secretary of the Association.

M. W. VAN AUKEN,

Ex-Officio,
Vice-President of the Association.

GEORGE E. TAYLOR,

Ex-Officio,
Treasurer of the Association.

NOTE:— Between the dates of the Annual Meeting and the printing of these Proceedings, several changes have been made in the membership of the Executive Committee. J. Scofield Rowe, Vice-President, Aetna Life Insurance Company, was elected Chairman of the Committee. A. Duncan Reid, General Manager, Globe Indemnity Company, was elected a member of the Committee to fill the vacancy created by the resignation of H. G. B. Alexander. T. J. Falvey, President, Massachusetts Bonding and Insurance Company, was elected a member of the Committee to fill the vacancy created by the election of J. Scofield Rowe to the chairmanship of the Committee. These changes were made at a meeting of the Executive Committee held October 14, 1913, in New York City.

COMMITTEES

STANDING COMMITTEES OF THE SECTIONS

I. Personal Accident and Health Section (Stock Companies),

WILFRID C. POTTER,

Chairman,

Secretary, Preferred Accident Insurance Company,
New York, N. Y.

BERTRAND A. PAGE,
Vice-President, The Travelers
Insurance Company,
Hartford, Conn.

HEDLEY R. WOODWARD,
Vice-President, The Fidelity and
Casualty Company,
New York, N. Y.

WALTER C. FAXON,
Vice-President, Aetna Life
Insurance Company,
Hartford, Conn.

C. CLARK HOWARD,
Manager Accident Department,
Massachusetts Bonding & Insurance
Company,
Boston, Mass.

II. Personal Accident and Health Section (Mutual and Assessment Companies),

M. W. VAN AUKEN,

Chairman,

General Counsel, Commercial Travelers Mutual Accident Association of America,
Utica, N. Y.

H. L. DOUD,
Supreme Attorney, Order of United
Commercial Travelers of America,
Columbus, Ohio.

J. W. HILL,
President, Iowa State Traveling Men's
Association,
Des Moines, Iowa.

S. W. MUNSELL,
Secretary, Masonic Mutual
Accident Company,
Springfield, Mass.

R. M. SWEITZER,
Director, Illinois Commercial Men's
Association,
Chicago, Ill.

III. Fidelity, Guaranty and Surety Section,

CORWIN McDOWELL,

Chairman,

President, New England Casualty Company,
Boston, Mass.

RICHARD DEMING,
Vice-President, American Surety
Company,
New York, N. Y.

JOHN R. BLAND,
President, United States Fidelity
and Guaranty Company,
Baltimore, Md.

THOMAS A. WHELAN,
Vice-President, Fidelity and Deposit
Company,
Baltimore, Md.

WILLIAM B. JOYCE,
President, National Surety
Company,
New York, N. Y.

IV. Liability Section (Including Automobiles and Teams),

THEODORE E. GATY,

Chairman,

Secretary, The Fidelity & Casualty Company,
New York, N. Y.

CORWIN McDOWELL,
President, New England Casualty
Company,
Boston, Mass.

JOHN T. STONE,
President, Maryland Casualty
Company,
Baltimore, Md.

W. J. GARDNER,
General Manager, Ocean Accident and
Guarantee Corporation, Ltd.,
New York, N. Y.

W. H. HARRIS,
Vice-President, Fidelity and Deposit
Company,
Baltimore, Md.

V. Plate Glass Section,

WILLIAM F. MOORE,

Chairman,

President, New Amsterdam Casualty Company,
New York, N. Y.

H. D. CLARKE,
Superintendent Plate Glass Department,
Massachusetts Bonding and Insurance
Company,
Boston, Mass.

NELSON D. STERLING,
Superintendent Plate Glass Department
and Associate Superintendent Burglary
Department, The Fidelity and
Casualty Company,
New York, N. Y.

E. B. ANDERSON,
Superintendent Plate Glass Department,
Royal Indemnity Company,
New York, N. Y.

CARROLL TUBMAN,
Manager Plate Glass Department,
Maryland Casualty Company,
Baltimore, Md.

VI. Burglary Section,

WILLIAM B. JOYCE,

Chairman,

President, National Surety Company,
New York, N. Y.

EDWIN W. DeLEON,
President, Casualty Company
of America,
New York, N. Y.

VICTOR E. H. HOAGLAND,
Vice-President, The New Jersey Fidelity
and Plate Glass Insurance Company,
Newark, N. J.

C. H. HALL,
Superintendent Burglary Department,
The Employers' Liability Assurance
Corporation, Ltd.,
Boston, Mass.

W. P. LEARNED,
Superintendent Burglary Department,
The Fidelity and Casualty
Company,
New York, N. Y.

VII. Steam Boiler and Fly-Wheel Section,

LYMAN B. BRAINERD,

Chairman,

President, Hartford Steam Boiler Inspection and Insurance Company,
Hartford, Conn.

ROBERT J. HILLAS,

President, The Fidelity and Casualty
Company,
New York, N. Y.

EDSON S. LOTT,

President, United States Casualty
Company,
New York, N. Y.

CHARLES H. HOLLAND,

Vice-President and General Manager,
Royal Indemnity Company,
New York, N. Y.

A. DUNCAN REID,

Secretary and General Manager, Globe
Indemnity Company,
New York, N. Y.

GEORGE E. McNEILL MEDAL COMMITTEE

G. LEONARD McNEILL,

Chairman,

President, Massachusetts Accident Company,
Boston, Mass.

FRANKLIN S. DEWEY,

Secretary, National Casualty
Company,
Detroit, Mich.

DANFORD M. BAKER,

Second Vice-President, Pacific Mutual
Life Insurance Company,
Los Angeles, Cal.

STANDARD MANUAL AND UNIFORM CLASSIFICATION OF RISKS COMMITTEE

JOHN M. PARKER, JR.,

Chairman,

Secretary, Aetna Life Insurance Company,
Hartford, Conn.

BERTRAND A. PAGE,

Vice-President, The Travelers
Insurance Company,
Hartford, Conn.

EDWARD L. HEARN,

Vice-President, Casualty Company
of America,
New York, N. Y.

D. G. LUCKETT,

Secretary, United States Casualty
Company,
New York, N. Y.

W. H. BETTS,

Secretary, Continental Casualty
Company,
Chicago, Ill.

F. LEROY TEMPLEMAN,

Manager, Accident and Health Department, Maryland Casualty Company,
Baltimore, Md.

AUDITING COMMITTEE

WILLIAM F. MOORE,

Chairman,

President, New Amsterdam Casualty Company,
New York, N. Y.

D. G. LUCKETT,
Secretary, United States Casualty
Company,
New York, N. Y.

WILFRID C. POTTER,
Secretary, Preferred Accident
Insurance Company,
New York, N. Y.

COMMITTEE ON BLANKS

BENEDICT D. FLYNN,

Chairman,

Actuary, The Travelers Insurance Company,
Hartford, Conn.

C. H. REMINGTON,
Assistant Treasurer, Aetna Accident &
Liability Company,
Hartford, Conn.

C. E. SCATTERGOOD,
Assistant Secretary, The Fidelity
and Casualty Company,
New York, N. Y.



M. W. Van Auker

VICE-PRESIDENT
PERSONAL ACCIDENT AND HEALTH
(MUTUAL AND ASSESSMENT COMPANIES)

THIRD ANNUAL CONVENTION COMMITTEES

SUB-COMMITTEE OF THE EXECUTIVE COMMITTEE ON CONVENTION

HEDLEY R. WOODWARD,

Chairman,

Vice-President, The Fidelity and Casualty Company,
New York, N. Y.

CHARLES H. HOLLAND,

Vice-President and General Manager,
Royal Indemnity Company,
New York, N. Y.

GEORGE E. TAYLOR,

Secretary, New Amsterdam Casualty
Company,
New York, N. Y.

F. ROBERTSON JONES,

Secretary-Treasurer, Workmen's
Compensation Publicity Bureau,
New York, N. Y.

VICTOR E. H. HOAGLAND,

Vice-President, New Jersey Fidelity and
Plate Glass Insurance Company,
Newark, N. J.

CREDENTIALS COMMITTEE

CORWIN McDOWELL,

President, New England Casualty Company,
Boston, Mass.

JOHN M. PARKER, JR.,

Secretary, Aetna Life Insurance
Company,
Hartford, Conn.

VICTOR E. H. HOAGLAND,

Vice-President, New Jersey Fidelity and
Plate Glass Insurance Company,
Newark, N. J.

RECEPTION COMMITTEE

E. WILLANS,

Chairman,

General Manager, The Imperial Guarantee and Accident
Insurance Company,
Toronto, Canada.

RICHARD DEMING,

Vice-President, American Surety
Company,
New York, N. Y.

WILFRID C. POTTER,

Secretary, Preferred Accident
Insurance Company,
New York, N. Y.

BANQUET COMMITTEE

EDWARD GRIFFITH,

Chairman,

E. E. Clapp & Co., General Agents,
New York, N. Y.

M. W. VAN AUKEN,
General Counsel, Commercial Travelers'
Mutual Accident Association of America,
Utica, N. Y.

BAYARD P. HOLMES,
Hooper-Holmes Information
Bureau,
New York, N. Y.

ENTERTAINMENT COMMITTEE

JOHN EMO,

Chairman,

General Manager and Secretary, The Canadian
Railway Accident Insurance Company,
Montreal, Canada.

GEORGE E. TAYLOR,
Secretary, New Amsterdam Casualty
Company,
New York, N. Y.

JOHN E. AHEARN,
Secretary, Accident Department,
The Travelers Insurance Company,
Hartford, Conn.

PRESS COMMITTEE

BAYARD P. HOLMES,

Chairman,

Hooper-Holmes Information Bureau,
New York, N. Y.

ORDER OF BUSINESS

FIRST GENERAL SESSION

Tuesday Morning, 10 o'clock.

July 8, 1913

Palais de Justice, Cour du Banc du Roi

1. Call to Order.
2. Address of Welcome,
His Worship Napoleon Drouin, Esq., Mayor of Quebec.
3. Response to the Address of Welcome on behalf of the Association,
Charles H. Holland, Vice-President and General Manager, Royal Indemnity Company, New York, N. Y.
4. Report of Committee on Credentials,
Corwin McDowell, Chairman.
5. Address of the President,
Charles H. Holland, President.
6. Report of the Executive Committee,
H. G. B. Alexander, Chairman.
7. Report of the Secretary,
F. Robertson Jones, Secretary.
8. Report of the Treasurer,
George E. Taylor, Treasurer.
9. Report of Auditing Committee,
William F. Moore, Chairman.
10. Report of Librarian,
Horace B. Meininger, Librarian.
11. Report of the Committee on Blanks,
Benedict D. Flynn, Chairman.
12. Announcement of Committee Arrangements,
 - (a) Banquet Committee,
Edward Griffith, Chairman.
 - (b) Entertainment Committee,
John Emo, Chairman.
13. Introduction of Subjects for Discussion, General and Sectional,
in writing.*

*General subjects will be discussed Friday morning.

Sectional subjects will be discussed at their appropriate sectional meetings.

SECOND GENERAL SESSION

Wednesday Morning, 10 o'clock.

July 9, 1913

Palais de Justice, Cour du Banc du Roi

1. Address, "The Economic Value and Social Justice of a Compulsory and Exclusive Workmen's Compensation Law,"
Hon. George Sutherland, United States Senator from Utah.
2. Address — On behalf of Premier Sir Lomer Gouin, Province of Quebec.
3. Address, "The Fact, the Specifications, the Causes and the Cure of the Hostile Feeling Towards Casualty Companies,"
John T. Stone, President Maryland Casualty Company, Baltimore, Md.
4. Report of George E. McNeill Medal Committee,
G. Leonard McNeill, Chairman.
5. Presentation of George E. McNeill Medal,
To IRAM KEVORKIAN, of Niagara Falls, N. Y.
Presentation Address — Edwin W. DeLeon, President Casualty Company of America, New York, N. Y.
Acceptance Address — Raymond D. Steele, General Superintendent Casualty Department, United States Fidelity and Guaranty Company, Baltimore, Md.

THIRD GENERAL SESSION

Friday Morning, 10 o'clock.

July 11, 1913

Palais de Justice, Cour du Banc du Roi

1. Appointment of Nominating Committee.
2. Discussion of Subjects Submitted Under No. 13, First General Session —
 - (a) Federal Income Tax.
 - (b) Agents' License Fees.
 - (c) Extending Credit to Agencies.
 - (d) One Cent Letter Postage.
3. Report of Committee on Nominations — General Officers.
4. Election of General Officers.
5. Report of Nominations for Vice-Presidents and Sectional Standing Committees.
6. Election of Vice-Presidents and Sectional Standing Committees.
7. Unfinished Business.
8. Adjournment.





Samuel M. Howell

VICE-PRESIDENT
FIDELITY, GUARANTY AND SURETY

**PERSONAL ACCIDENT AND HEALTH SECTIONAL
MEETING—STOCK COMPANIES**

Palais de Justice, Cour du Banc du Roi

Thursday Morning, 10 o'clock.

July 10, 1913

1. Call to Order.
2. Appointment of Nominating Committee.
3. Report of Standing Committee.
4. Address of the Vice-President, Hedley R. Woodward.
5. Address.
6. Report of Committee on Standard Manual,
John M. Parker, Jr., Chairman.
7. Report of Bureau of Information,
Bayard P. Holmes.
8. Report of International Claim Association,
Dr. Clovis M. Taylor, President.
9. Subjects for Discussion.
10. Report of Nominating Committee.
11. New Business.
12. Adjournment.

**PERSONAL ACCIDENT AND HEALTH SECTIONAL
MEETING—MUTUAL AND ASSESSMENT COMPANIES**

Meeting Room, Room No. 209

Wednesday Evening, 8 o'clock.

July 9, 1913

1. Call to Order.
2. Appointment of Standing Committee.
3. Report of Standing Committee.
4. Address of the Vice-President, M. W. Van Auken.
5. Report of Committee on Standard Manuals,
John M. Parker, Jr., Chairman.
6. Report of Bureau of Information,
Bayard P. Holmes.
7. Report of International Claim Association,
Dr. Clovis M. Taylor, President.
8. Subjects for Discussion.
9. Report of Nominating Committee.
10. New Business.
11. Adjournment.

PROCEEDINGS
of the
THIRD ANNUAL CONVENTION
of the
**INTERNATIONAL ASSOCIATION OF CASUALTY &
SURETY UNDERWRITERS**

Held at
CHATEAU FRONTENAC, QUEBEC, CANADA,
July 8-11, 1913

FIRST GENERAL SESSION
TUESDAY MORNING, JULY 8th, 1913

Meeting Called to Order by Charles H. Holland

The Third Annual Convention of the International Association of Casualty and Surety Underwriters was called to order by President Charles H. Holland, at ten o'clock A. M., Tuesday, July 8th, 1913, in the Palais de Justice, Cour du Banc du Roi, Quebec, Canada.

Address of Welcome by Alderman J. A. Collier, of Quebec, Canada

PRESIDENT: I have the honor of presenting to you Alderman J. A. Collier, who has come to us on behalf of His Worship, the Mayor of Quebec, to give us a word of welcome on our visit to his city. [*The address of Alderman Collier will be found at page 77.*]

Response to the Address of Welcome

A response to the kind words of welcome was made by the president on behalf of the association. [*The address of Mr. Holland will be found at page 78.*]

Report of Committee on Credentials

PRESIDENT: I will now call for the Report of the Committee on Credentials, Mr. Corwin McDowell, Chairman. [*The report of the Committee on Credentials will be found at page 105.*]

Address of President

PRESIDENT: The next item on our agenda is the address of the President. [*The address of the President will be found at page 80.*]

Report of the Executive Committee

PRESIDENT: I will now call for the report of the Executive Committee, of which Mr. H. G. B. Alexander is Chairman. Owing to illness in his family, we shall all be sorry to know that Mr. Alexander cannot be here, but the Secretary, Mr. F. Robertson Jones, will read the report in Mr. Alexander's behalf. [*The report of the Executive Committee will be found at page 108.*]

PRESIDENT: Gentlemen, you have heard the report of the Executive Committee. What is your pleasure as to the action we shall take with it?

MR. GRIFFITH: I move that the report be accepted.

MR. WOODWARD: I second the motion.

Carried.

PRESIDENT: The next in order is the report of the Secretary, Mr. F. Robertson Jones. [*The report of the Secretary will be found at page 113.*]

PRESIDENT: Gentlemen, what is your pleasure with reference to the report of the Secretary?

MR. HYMAN: I move that the report be accepted.

MR. GRIFFITH: I second the motion.

Carried.

PRESIDENT: Ladies and Gentlemen, I propose to break into the order of the printed agenda just for one moment to explain to you that we are honored with the presence of Senator Sutherland, a member of the United States Senate, and of the Honorable O. S. Basford, Commissioner of Insurance of South Dakota. I feel sure that you all wish me to express on your behalf a very hearty welcome to those two gentlemen and to offer them in your name the freedom of the floor at any time during our convention.

Report of the Treasurer

PRESIDENT: I now call for the report of the Treasurer, Mr. George E. Taylor. [*The report of the Treasurer will be found at page 116.*]

Report of the Auditing Committee

PRESIDENT: It is usual to take the report of the Auditing Committee together with the report of the Treasurer and act upon them at one and the same time. If that is your pleasure, I will call upon the Secretary to read the Report of the Auditing Committee, the Chairman of that Committee, Mr. W. F. Moore, not being able to attend the convention. [*The report of the Auditing Committee will be found at page 117.*]

PRESIDENT: Gentlemen, you have now heard the report of the Treasurer and the report of the Auditing Committee upon the report of the Treasurer. The Chair will be pleased to entertain any motion relative to those two reports.

MR. STONE: I move that those two very satisfactory reports be accepted and filed.

Seconded and carried.

PRESIDENT: I will now call for the report of the Librarian, Mr. Horace B. Meininger.

SECRETARY: Mr. Meininger not, to my knowledge, being present, I shall read a letter that I received from him some time ago, which may be accepted as an informal report. [*The report of the Librarian will be found at page 119.*]

PRESIDENT: Is it the pleasure of the convention to accept the letter as a formal report from the Librarian?

MR. ROWE: I so move you, Mr. Chairman.
Seconded and carried.

Report of the Committee on Blanks

PRESIDENT: I will now call for the report of the Committee on Blanks, Mr. Benedict D. Flynn, Chairman. [*The report of the Committee on Blanks will be found at page 120.*]

PRESIDENT: What is your pleasure, gentlemen, with reference to the report of the Committee on Blanks?

MR. GRIFFITH: I move its acceptance.
Seconded and carried.

Report of the Banquet Committee

PRESIDENT: I will now call upon Mr. Edward Griffith, Chairman of the Banquet Committee, to make a report.

SECRETARY: I have a report submitted by Mr. Griffith, as Chairman of the Banquet Committee, which I take pleasure in reading. [*The report of the Banquet Committee will be found at page 122.*]

PRESIDENT: I now call upon the Chairman of the Entertainment Committee, Mr. John Emo, for a report as to what arrangements have been made for the entertainment of the members of the convention.

Mr. Emo reported that a printed program had been prepared. [*The Program of Entertainment will be found at page 172.*]

Announcement of Souvenir Committee

PRESIDENT: Before we come to No. 13, I would like to ask Mr. George E. Taylor, Chairman of the Committee on Souvenirs, to make a short announcement.

MR. TAYLOR: Mr. Chairman, I would say that it had been decided to do away with the old method of having badges, and I was appointed a committee, or assumed that authority, to purchase souvenirs for the convention. I did so, believing the convention would be held in a State. After I purchased them, I found we were going to Canada. I also found that we could not bring the souvenirs here without paying a duty on them, so I decided I would keep them in the States, where I will distribute them. I have gotten up an I. O. U. blank, which I will distribute to each of the ladies and gentlemen present, and if they will forward them to me in New York properly filled out, I will send a souvenir clock by parcel post or mail, whichever we find to be the more expedient. I will pass these slips out as the ladies and gentlemen leave the room.

SECRETARY: Mr. Chairman, I might supplement the statement made by Mr. Taylor, in connection with the souvenirs. The Committee, of which Mr. Taylor is Chairman, decided not to have made delegate buttons or souvenir buttons or badges, or anything like that; that it would be far better, instead of having a badge which would serve its purpose just during the convention and at no other time, to have a souvenir that would be suitable for both ladies and gentlemen, and to distribute those souvenirs of the occasion, rather than to spend the money of the convention for something of a merely ephemeral value.



Thos. E. Gaty

VICE-PRESIDENT

LIABILITY (INCLUDING AUTOMOBILES AND TEAMS)

Introduction of Subjects for Discussion

PRESIDENT: I will now call for the introduction of subjects for discussion, general and sectional, in writing, preferably. It is customary at the first session of the convention for the Chair to receive questions on the various matters which the members may wish to have discussed, that discussion to take place at the last session of the convention on Friday morning. Sectional matters, however, will be dealt with at the respective sectional meetings. You will note on the program of the convention for the third general session that several subjects for discussion have already been submitted, including the matter of Federal Income Tax; Agents' License Fees; Extending Credit to Agencies and One Cent Letter Postage. The Chair will be very pleased to receive a note as to other items, of general or special application in our business, that can usefully be discussed.

MR. HOLMES: Does this apply to the work of the sections as well as the general convention?

PRESIDENT: Yes, sir.

MR. HOLMES: Mr. Chairman and Gentlemen, I will suggest for discussion at the meeting of the Accident and Health Section the advisability of incorporating in both health and accident application blanks questions as to the date and place of birth of the applicant. At the present time, in most of these blanks only the age is asked for, and this frequently results in considerable confusion in determining the identity of persons whose names are the same. This suggestion that the application blanks be thus amended will be incorporated in the report which will be submitted by the Hooper-Holmes Information Bureau at this convention, but it would seem proper to suggest the matter now, in order that by giving this advance notice it may be more fully and satisfactorily discussed at the meeting of the Accident and Health Section.

PRESIDENT: That subject will be brought to the attention of the Chairman of the Personal Accident and Health Section, and will be incorporated in the agenda for that sectional meeting. If there are no other subjects for discussion to be presented to the Chair at this time, we have come to the end of the agenda for the morning session and we shall adjourn until to-morrow morning at ten o'clock.

SECOND GENERAL SESSION

Wednesday Morning, July 9, 1913

The convention was called to order by President Charles H. Holland, at ten o'clock A. M.

Dominion Gresham Guaranty & Casualty Company Elected to Membership

PRESIDENT: I call upon the Chairman of the Credentials Committee, Mr. McDowell, to make a further report.

Mr. McDowell reported the arrival of some additional delegates, and proposed for membership The Dominion Gresham Guaranty & Casualty Company, of Montreal, Canada, represented by Frank J. J. Stark, General Manager

PRESIDENT: Is that nomination for membership seconded?

MR. HOAGLAND: I will second the nomination.

Carried.

PRESIDENT: I have pleasure in declaring the Dominion Gresham Guaranty & Casualty Company elected to membership. I am sure that all the delegates will wish that we offer to Mr. Stark the freedom of the floor forthwith.

Address of Hon. George Sutherland on "The Economic Value and Social Justice of a Compulsory and Exclusive Workmen's Compensation Law"

PRESIDENT: I now have very great pleasure in calling upon the Hon. George Sutherland, United States Senator from Utah, to address us. [*The address of Senator Sutherland will be found at page 83.*]

MR. ROWE: I am sure I voice the sentiment of every delegate in this convention in saying that we have listened with great interest and profit to the splendid and forceful address of Senator Sutherland. When we consider the personal sacrifice that the senator has made in taking a five day trip across the continent to address this convention, the time and thought which he has put upon the subject in order to prepare this special address, I believe you will agree with me that the least we can do is to extend to the senator our most enthusiastic vote of thanks. I therefore move you, Mr. Chairman, that we extend to Senator Sutherland a rising vote of thanks as an indication of our appreciation.

MR. JEWETT: I think we can all agree most heartily with Mr. Rowe's remarks. I therefore take pleasure in seconding the motion.

PRESIDENT: No words are required from the Chair, I am sure, to emphasize what has been said by Mr. Rowe and Mr. Jewett. Our obligation to Senator Sutherland is undoubted, and I can assure him that we all feel deeply indebted to him. Those who are in favor of the motion of extending a vote of thanks to Senator Sutherland will kindly arise.
All arose.

Announcement of Entertainment Committee

PRESIDENT: Gentlemen, item number two on the agenda will be postponed until a later date during the convention. I will call upon the Chairman of the Entertainment Committee, Mr. Emo, to make an announcement.

(Mr. Emo here outlined the program of entertainment for the day as set forth in the printed program.)

Address of John T. Stone, on "The Fact, The Specifications, The Causes and the Cure of the Hostility to Casualty Companies"

PRESIDENT: Gentlemen, I now have pleasure in calling upon Mr. John T. Stone, President of the Maryland Casualty Company, who will address us. [*Mr. Stone's address will be found at page 92.*]

MR. WOODWARD: Mr. Chairman, this convention has been exceedingly fortunate in being privileged to listen to two such interesting addresses, as have been given this morning, one by Senator Sutherland, followed by one by Mr. Stone. I therefore move you, Mr. Chairman, in appreciation of Mr. Stone's address, we give him a rising vote of thanks.

Seconded.

PRESIDENT: Gentlemen, it has been moved and seconded that a rising vote of thanks be tendered to Mr. Stone for his admirable and most valuable address. Those in favor of that motion will kindly arise.

All arose.

Presentation of George E. McNeill Medals

PRESIDENT: Most of us are aware that provision has been made for some years past whereby a certain medal known as the McNeill Memorial Medal may be presented by this association to certain individuals who have performed during the course of the year voluntary acts of heroism of a peculiar nature. I will call upon Mr. McNeill, Chairman of the George E. McNeill Medal Committee, to make his report at this time. [*The report of the George E. McNeill Medal Committee will be found at page 123.*]

McNeill Medal Conferred upon Iram Kevorkian

PRESIDENT: I have pleasure in calling upon Mr. Walter C. Faxon, Vice-President of the Ætna Life Insurance Company, of Hartford, to make the presentation address in connection with the awarding of a medal to Iram Kevorkian, of Niagara Falls, New York. [*The presentation address of Mr. Faxon will be found at page 124.*]

PRESIDENT: Mr. Raymond D. Steele, General Superintendent Casualty Department, United States Fidelity and Guaranty Company, of Baltimore, will deliver the address of acceptance on behalf of Mr. Kevorkian. [*The acceptance address of Mr. Steele will be found at page 125.*]

On motion duly seconded, the convention adjourned until Friday morning, July 11, 1913, at ten o'clock A. M.

THIRD GENERAL SESSION

Friday Morning, July 11, 1913

The convention was called to order by President Charles H. Holland, at ten o'clock, A. M.

PRESIDENT: The first order on the program this morning is the appointment of a Nominating Committee to nominate the general officers of the association. I appoint as the Nominating Committee, Messrs. John T. Stone, Raymond D. Steele, John Emo, Corwin McDowell, J. Scofield Rowe, George S. Dana, Victor E. H. Hoagland. These gentlemen will be asked to kindly make their report immediately after we have dealt with the second item on the agenda, "Discussion of Subjects." Before the committee retires, I would like to make the statement that after the banquet last evening, His Worship, the Mayor, very courteously extended an official invitation to myself and a delegation from this association to visit him between the hours of eleven and twelve o'clock this morning. It will be impossible for me to go personally, but I think we should appoint a delegation to pay this visit. I propose, subject to your approval, to delegate Vice-Presidents Woodward and Rowe, and our Treasurer, Mr. Taylor, to perform that obligation and visit the Mayor between eleven and twelve o'clock.

MR. STONE: I move that these gentlemen be formally delegated to pay this official visit.

MR. HOAGLAND: I second the motion.
Carried.

DISCUSSION OF SUBJECTS

Federal Income Tax

PRESIDENT: Certain subjects have been submitted to the Secretary for discussion this morning. The first is, "(a) Federal Income Tax." Will the Secretary please make a statement on that matter?

SECRETARY: The subject of Federal Income Tax was submitted for discussion at this session of the convention by Mr. Victor E. H. Hoagland. This matter has given some of the companies considerable concern, and a great deal of correspondence has passed between the different members, and the Workmen's Compensation Publicity Bureau, with regard to this phase of the subject. I believe Mr. Hoagland is now out in attendance on the Nominating Committee; otherwise he would bring up the subject at this time, and have something to say with regard to it. I suggest, possibly, it would be well to postpone the discussion of that subject until he comes in.

MR. HEDDEN: Mr. Hoagland left a resolution which he wishes to submit to the convention on this subject, and it is as follows:

"That the subject 'Federal Income Tax' be referred to the Committee on Blanks for action. That the Secretary communicate at the earliest possible moment with the members in regard to the action of the Association, so that all interested may co-operate with the Committee."

MR. HEDDEN: I move the adoption of that resolution.
Seconded and carried.

Agents License Fees

PRESIDENT: The next item is, "(b) Agents' License Fees."

SECRETARY: The subject of "Agents' License Fees" was brought up for consideration for the first time in the Surety Association of America, and there was a resolution drawn up by that association to the effect that agents, instead of their companies (as is now the case) should pay their own license fees in the different municipalities, cities, and counties of the various states. This resolution was transmitted to me, as Secretary of the International Association of Casualty & Surety Underwriters, with the request that it be given consideration by the Executive Committee. The Executive Committee brought it up several times, and finally referred it to this convention for discussion. It was handed to me by Mr. Robert J. Hillas, President The Fidelity & Casualty Co. I have no doubt that he would have discussed it had he been able to attend the convention. He expected to be present and say something upon the subject, but owing to a very important committee meeting in New York, he was unable to attend. I do not know whether or not anyone else is prepared to discuss the subject.

PRESIDENT: There is no resolution before the meeting, but the general subject can be opened for discussion if there is anything to be said upon it. It is a matter of very vast importance to the companies and of very much expense.

MR. HEDDEN: The gentlemen interested are on the Nominating Committee, and I would suggest that the matter be deferred until they return.

Extending Credit to Agencies

PRESIDENT: If that is the wish of the meeting, we will defer the matter and bring it up when the Nominating Committee return. The next item is, "(c) Extending Credit to Agencies."

SECRETARY: This subject likewise came from Mr. Hillas. He desired to say something in regard to it, but in his absence, I suppose if anyone else wants to make any remarks with regard to the subject, they are at liberty to do so.

MR. HOWARD: This subject, I believe, has been taken up by the officials of my company with Mr. Hillas, and also the officials of several other companies. It is my understanding that the companies as a whole, or a majority of them, are quite concerned in reference to the credit system of rating. It would seem that it is a subject which should be taken up by all the companies. I would suggest, if it is in order, that the matter be referred to the Executive Committee of the association to take it up with the various companies, to see if some satisfactory plan could not be arranged to take care of it.

PRESIDENT: Do you make that as a motion?

MR. HOWARD: I do.

PRESIDENT: Is that motion seconded?

MR. BOYD: I will second it.

PRESIDENT: Has any other gentleman any remarks to make upon the matter?

The motion was carried.

One Cent Letter Postage

PRESIDENT: The next subject is, "(d) One Cent Letter Postage." This is also a matter which is of importance to all of us and one which involves a saving of expense, and as we all know, a saving of expense is a matter of great urgency in our business.

MR. HEDDEN: Several insurance officials, notably the Secretary of the Standard Accident Insurance Company, of Detroit, have been in communication with the officials of other companies on the subject of one cent postage. They make the statement in their communications that magazines are carried by the train load or tons at very small cost to the publishers, and at very large cost to the Government. That deficit, it was shown, in the carriage of magazines, was applied to the ordinary postage, while one cent postage would, as a matter of fact, leave a surplus to the Government. They claim it is unjust and discriminating to carry magazines by the ton from ocean to ocean at a very large loss, and make the ordinary public meet the deficit by charging two cents postage. There is a national movement on foot, which has the backing of not only insurance companies, but of other corporations and business houses whose correspondence is large. I believe that this is a matter which should be discussed. I do not know what measures have been taken to bring the matter before Congress, but I am certain that the matter is in the hands of a committee. I, therefore, move that this association go on record as being in favor of one cent letter postage.

The motion was seconded.

PRESIDENT: The motion is to the effect that this International Association of Casualty & Surety Underwriters favors the introduction of one cent letter postage.

Motion carried.

World's Insurance Congress

PRESIDENT: That completes the four matters upon the agenda for general discussion. The meeting is now open for the introduction of further matters for discussion. If there are no other matters to be regularly brought before the meeting, the Chair will venture to bring forward a matter of some importance. You have already heard a reference to the fact that a World's Insurance Congress is to be held in connection with the Panama-Pacific International Exposition in 1915. It is believed that the Congress will be far and away the most important event in the history of insurance in the present generation. In connection with that Congress, a National Council is in course of formation. A Commissioner of Insurance has been appointed by the authorities in San Francisco. This association has been requested to appoint one member of that National Council. I will read a letter which we have received upon the subject:

Panama-Pacific International Exposition 1915

San Francisco, California

May 14th, 1913.

WILLIAM BROSMITH, ESQ., President,
International Association of Casualty & Surety Underwriters, Hartford,
Conn.

DEAR SIR:

In organizing the World's Insurance Congress, to be held in this City in 1915 under the auspices of this Exposition, for which purpose this Commissionership was created, a "National Council" is being formed by allotting representation in this Council to all national associations whose membership derive their livelihood from the commerce of insurance or its allied professions, with the object that this "National Council," when completed, will be thoroughly representative of all of the established branches of effort connected with the insurance industry, and consequently form a safe and reliable advisory board as to what can safely be attempted at this Congress to better the industry in various ways, and to prevent the possibility of introducing any attempts that would be injurious.

Up to the present time, we have through Special Commissioners appeared before several organizations at their annual meetings and made such representation as to readily gain their unqualified endorsement, and in this way the "National Council" has made a fair beginning by the associations before whom we have been able to appear readily nominating members of their body to serve in this Council.

Prominent among the endorsements that the movement has received is that of the Association of Life Insurance Presidents, when on Dec. 6th, 1912, Mr. Geo. I. Cochran, President of the Pacific Mutual Life Ins. Co. of Los Angeles, appeared as a Special Commissioner before that body, who through their Executive Committee appointed Hon. Robert Lynn Cox as a member of the "National Council," and the attached resolution passed by the President's Association will doubtless be of interest to you.

Now, it seems advisable, in fact necessary, to complete at an early date the organization of the "National Council," by asking in this way each association to whom representation has been allotted to take such action as may be necessary through their executive officials for the naming of their representative in this "National Council" without waiting for annual meetings, and we trust that you will agree with us that the objects of the Congress have now been sufficiently exploited and endorsed



A. A. McLoone

VICE-PRESIDENT
PLATE GLASS

by representative bodies to warrant our requesting this action on your part at this time, that we may at an early date avail ourselves of the advice and guidance of your association, through your representative in the "National Council."

Permit me to state that it is the aim of this Commission that the "National Council" shall hold the dignified position of an advisory organization, and be kept separate from the organization that is being created to promote the Congress. On the other hand, it is believed that the members of this Council will be the controlling and influential elements of the Congress itself after it is organized.

Advice regarding your early official action upon the subject will be much appreciated. In the meantime, I have taken the liberty of directing a similar communication to the Secretary of your organization.

Very truly yours,

W. H. HATHAWAY, Commissioner.

PRESIDENT: Perhaps it is unnecessary to read the attached resolution, passed by the Association of National Life Presidents. This National Council is being supported on all hands by the leading insurance organizations of this country, a large number of members having already been appointed. If you gentlemen, or any of the ladies, would like any further information, we have here a printed pamphlet from the Commissioner of Insurance. It will not take more than three-quarters of an hour to read it, if it is your wish that it shall be read. The Chair would like some guidance from the meeting as to what shall be done in reference to this request to appoint a member of the National Council.

MR. WOODWARD: I think it goes without saying that this organization should be represented on that Council. I believe the best representative we can have in that body is our President. I therefore nominate Mr. Charles H. Holland, our President, as a member of that Council.

MR. GRIFFITH: I second the motion.

Carried.

PRESIDENT: I thank you, gentlemen. I shall be pleased to represent this association in that Council, and will do my very best to see that the association is well represented.

Report of Nominations for Vice-Presidents and Sectional Standing Committees

The Secretary here read the nominations made at the meetings of the various Sections, as follows:

PERSONAL ACCIDENT AND HEALTH SECTION — (Stock Companies).

Vice-President, Wilfrid C. Potter, Secretary Preferred Accident Insurance Co.

STANDING COMMITTEE.

Bertrand A. Page, Vice-President, The Travelers Insurance Co.

Walter C. Faxon, Vice-President, Aetna Life Insurance Co.

Hedley R. Woodward, Vice-President, The Fidelity & Casualty Co. of New York.

C. Clark Howard, Manager Accident Department, Massachusetts Bonding & Insurance Co.

PERSONAL ACCIDENT AND HEALTH SECTION — (Mutual and Assessment Companies).

Vice-President, M. W. Van Auken, General Counsel Commercial Travelers Mutual Accident Association of America.

STANDING COMMITTEE.

H. L. Doud, Supreme Attorney, Order of United Commercial Travelers of America.

S. W. Munsell, Secretary, Masonic Mutual Accident Co.

J. W. Hill, President, Iowa State Traveling Men's Association.

R. M. Sweitzer, Director, Illinois Commercial Men's Association.

FIDELITY, GUARANTY AND SURETY SECTION.

Vice-President, Corwin McDowell, President New England Casualty Co.

STANDING COMMITTEE.

Richard Deming, Vice-President, American Surety Co.

Thomas A. Whelan, Vice-President, Fidelity and Deposit Co.

John R. Bland, President, United States Fidelity & Guaranty Co.

Wm. B. Joyce, President, National Surety Co.

LIABILITY SECTION — (Including Automobiles and Teams).

Vice-President, Theodore E. Gaty, Secretary The Fidelity & Casualty Co. of New York.

STANDING COMMITTEE.

Corwin McDowell, President, New England Casualty Co.

W. J. Gardner, Assistant General Manager, Ocean Accident & Guarantee Corporation, Ltd.

John T. Stone, President, Maryland Casualty Co.

W. H. Harris, Vice-President, Fidelity & Deposit Co.

PLATE GLASS SECTION.

Vice-President, William F. Moore, President New Amsterdam Casualty Co.

STANDING COMMITTEE.

H. D. Clarke, Manager Plate Glass Department, Massachusetts Bonding & Insurance Co.

E. B. Anderson, Manager Plate Glass Department, Royal Indemnity Co.

Nelson D. Sterling, Manager Plate Glass Department, The Fidelity and Casualty Company of New York.

Carroll Tubman, Superintendent Plate Glass Department, Maryland Casualty Co.

BURGLARY SECTION.

Vice-President, William B. Joyce, President National Surety Co.

STANDING COMMITTEE.

Edwin W. DeLeon, President, Casualty Company of America.

C. H. Hall, Superintendent Burglary Department, The Employers' Liability Assurance Corporation, Ltd.

Victor E. H. Hoagland, Vice-President, New Jersey Fidelity & Plate Glass Insurance Co.

W. P. Learned, Superintendent Burglary Department, The Fidelity and Casualty Company of New York.

STEAM BOILER AND FLY-WHEEL SECTION.

Vice-President, Lyman B. Brainerd, President, Hartford Steam Boiler Inspection & Insurance Co.

STANDING COMMITTEE.

Robert J. Hillas, President, The Fidelity and Casualty Company of New York.

Charles H. Holland, Vice-President and General Manager, Royal Indemnity Co.

Edson S. Lott, President, United States Casualty Co.

A. Duncan Reid, Manager, Globe Indemnity Co.

On motion, duly seconded, the Secretary was instructed to cast the ballot of the convention for the election of the entire list of nominations as read.

Report of Nominating Committee

MR. JOHN T. STONE, on behalf of the Nominating Committee, reported as follows:

Mr. President and Gentlemen: The Nominating Committee has endeavored to give most careful thought to the names to be presented to you. We all recognize, doubtless, that there are certain rather unusual conditions presented to the association at this time, and that merely perfunctory work would be distinctively out of place, and more than ordinarily harmful. We take very great pleasure in presenting to you first as the man to be elected for the chief office, the office of President, the name of Mr. Charles H. Holland. As you know, Mr. Holland accepted this office very recently to fill a vacancy. He accepted it, as some of us know, at great sacrifice of his personal arrangements and comfort. I am sure that I do not transgress upon good taste or upon proprieties, when I say that Mr. Holland has during the four days of this convention presided with a most remarkable and acceptable degree of self-possession. He has shown the nicest discrimination, and the greatest ability in conducting the affairs of the convention, and withal, he has shown that he is so inately a gentleman that I am sure we are delighted to honor him for another year. (*Loud applause.*)

Second, we present as the name to be voted for as Secretary that of our most efficient indefatigable present incumbent, Mr. F. Robertson Jones.

Third, we present for election as Treasurer, our faithful and scrupulously honest treasurer, Mr. George E. Taylor.

Fourth, we present for the office of Librarian, which position some of us, perhaps, do not fully realize the value of, as we ought to, the name of the man who is the original incumbent and probably has a life tenure of the post, Mr. Horace G. Meininger.

Now, for the Executive Committee, we propose as Chairman a gentleman who is not present at this convention—a gentleman who has served as President of the old International Association of Accident Underwriters, who has served as President of the new amalgamated association of Casualty and Surety Underwriters, who recently resigned the office of President, who probably has as wide an acquaintance as any man in the organization, who is peculiarly acceptable to some of the elements which are not represented at this meeting, and who will, we believe, add great strength to the Executive Committee, and perhaps, we believe, will very probably be able to rally certain of our forces that now seem to be somewhat lukewarm. We do not know whether this gentleman will accept this nomination, and we are taking some risk in proposing his name, but we believe that his sense of loyalty to the interests that we represent and that his well-known common sense and

splendid feeling of comradeship for all of us will permit him to accept it. Your Committee, therefore, decided to take the hazard of proposing him for your franchises believing that we shall be able to persuade him to accept. We therefore nominate as Chairman of the Executive Committee, Mr. William BroSmith. (*Applause.*)

In selecting the other members, we have been very modest. There are but four other members, and we have only taken three of those out of the Nominating Committee. (*Laughter.*) There seemed to be reasons to each of the other members of the Committee to nominate the particular man whose name was before us. Some of you may think this was a mutual admiration society, but we will have to let you form your own conclusion upon the subject. We propose as the other members of the Executive Committee, Messrs. John Emo, H. G. B. Alexander, J. Scofield Rowe and John T. Stone.

PRESIDENT: Gentlemen, you have heard the nominations presented by the Nominating Committee. What is your pleasure with reference to them?

MR. HEDDEN: I move that the Secretary be instructed to cast the ballot of the convention for the gentlemen named by the Nominating Committee.

MR. McNEILL: I second the motion.
Carried.

SECRETARY: Mr. President, your Secretary reports that he has cast the ballot of the convention for the gentlemen named.

PRESIDENT: Gentlemen, the casting of the ballot by the Secretary completes the election of the gentlemen named. It is unusual, and perhaps unnecessary to call upon each of those gentlemen to express his appreciation of your action. In my own behalf, I would like to say, that I deem it a very great privilege to be permitted to preside over this most important Association. My comparatively recent arrival in this country would, perhaps, be a reason, why I should refuse to accept the nomination, but with the support and goodwill and encouragement of all you gentlemen who have been so patient with your chairman during the last four days, I feel that it is taking but little risk in relying during the course of the next twelve months upon a continuation of that support and encouragement. I thank you very much for the honor you have conferred upon me, and assure you that I will do my very best to be worthy of it.

Nomination of George E. McNeill Medal Committee

MR. STONE: Mr. Chairman, I have been reminded that the Nominating Committee failed to present names for the George E. McNeill Medal Committee. The Nominating Committee was not aware that it was expected to nominate that committee; therefore, we did not prepare any report under that heading. I have no opportunity to confer with the other members, but the present committee has done such very good work that perhaps it might be the pleasure of the association to re-elect them. I venture, not as Chairman of the Committee, of course, having no authority to speak on that subject, but simply as an individual member, to nominate the same committee for the ensuing year.

MR. PIXLEY: I second that, with very great pleasure, sir.
The motion was carried.

PRESIDENT: I declare that committee re-elected.



Wm. J. Lee

VICE-PRESIDENT
BURGLARY

Discussion of Subjects

AGENTS' LICENSE FEES

PRESIDENT: For the benefit of those gentlemen who were giving their time to the deliberations of the Nominating Committee, I desire to say that during their absence from the room, we disposed of the entire second item on the agenda, with the exception of the item marked "(b) Agents' License Fees." It was suggested by one of our members that one or two of the Nominating Committee might have something to say on that subject, and so we deferred final action pending their return to the room. I now declare item "B," of number two on the agenda, open for discussion at the meeting. Perhaps, the Secretary will make the same statement that he made a few minutes ago.

SECRETARY: I made the statement that this subject came up before the Surety Association of America some time ago, and a resolution was passed to the effect that it was thought that it was well that the agents' license fees should be paid by the agents themselves—such license fees as municipal license fees, and sometimes county license fees. This resolution was sent to me as Secretary of the International Association of Casualty & Surety Underwriters, with the request that it be referred to the Executive Committee. It was so referred and was finally referred by the Executive Committee to the convention for discussion and possibly some action. The subject came to me directly from Mr. Robert J. Hillas, President of the Fidelity & Casualty Company, who merely transmitted it from the Surety Association of America.

PRESIDENT: Is there any further discussion upon the subject?

MR. STONE: Was there any letter accompanying the transmission of that subject from the Surety Association of America which would enable us to get just exactly the phase of the subject they wished us to consider?

PRESIDENT: I will ask the Secretary to read a letter bearing on the subject of Agents' License Fees.

SECRETARY: The resolution adopted by the Surety Association of America and referred to the International Association of Casualty & Surety Underwriters, reads as follows:

"WHEREAS, The payment by member companies to the Insurance Departments of the various states for license fees of agents has become a very serious burden, and

WHEREAS, Agents, through the increase in rates that has taken place within the last two or three years, are deriving a much greater profit from their business than heretofore.

RESOLVED, That effective January 1, 1912, no company a member of the Association shall pay either directly or indirectly the fee required in order to obtain a license for any agent, except those representatives who may be attached to the Home Office of the Company and who are required, under the law, to take out licenses."

PRESIDENT: In the absence of any motion in the matter we will again close the discussion. The meeting is now open for discussion generally.

PARCEL POST.

MR. STONE: Mr. Templeman, one of the representatives of my company, tells me that while the Nominating Committee was out of the room the matter of the parcel post was brought up and no action was taken regarding it. It seems to me that this association might with propriety adopt a resolution requesting the Executive Committee to take into

serious consideration the matter of having the use of the parcel post extended so as to enable us to ship by that method supplies and advertising literature at parcel post rates. You all know how very onerous are express charges on matters of that kind. I think if the matter were properly presented to the Postmaster General of the United States, or to his assistant, whichever one might have charge of that part of the postal service, he might be induced to broaden the regulations so as to permit the shipment of that kind of material. I move, therefore, that the Executive Committee be requested to take up this matter seriously, and take such steps in furtherance of this proposed change in the postal regulation as they may deem wise.

The motion was seconded.

SECRETARY: I shall refer briefly to what I said in reference to that matter. It was brought to my attention by Mr. G. Murray Seal. I took it up with the Post Office Department, and likewise with certain organizations, for the purpose of seeing whether or not a modification of the regulations could be had. The result of that investigation was my conviction of the impossibility of modifying the postal regulations; that it was not a matter of regulation but a matter of new legislation; that it would be necessary to amend the present postal law in order to accomplish our purpose. That opinion was shared, I believe, by the Merchants' Association of New York. I have been in communication with the Secretary of that Association, with the object in view, if possible, of introducing an amendment to the Parcel Post Law at the next session of Congress, after the Tarriff and Currency Bills are out of the way; because you cannot get a hearing in Washington on any subject at present as long as those two subjects are pending. As soon as those subjects are out of the way, it will be possible to have introduced an amendment to the parcel post law accomplishing the purpose we have in mind.

The motion was carried.

Agents' License Fees

MR. FAXON: As to the subject of Agents' License Fees I would like to make the motion that it be referred to the Executive Committee with the request that they work out some plan and co-operate with the surety companies in such a way as in their judgment may seem wise.

Seconded and carried.

Consolidation of the Bureau of Publicity and Workmen's Compensation Publicity Bureau

PRESIDENT: There were several matters brought forward in some of the addresses to which we have listened during the week, which appear to be of some importance. This is the opportunity for discussing any of those matters, if they are to be discussed, and if any action is to be taken. If the Chair may venture to mention it, there is one matter which I think is of great importance. It is that some real attempt should be made to bring into harmony and bring into unison the activities of the Bureau of Publicity at Hartford and the Workmen's Compensation Publicity Bureau in New York, so far as workmen's compensation legislation is concerned. The Chair, of course, is unable to make any motion, but suggests that it is a matter for discussion, if any of the members also think it is of importance.

Vote of Thanks to Minister of Finance

MR. EMO: Might I have the pleasure of asking this meeting to move a vote of thanks to the Honorable Mr. MacKenzie, Minister of Finance of the Province of Quebec, who courteously extended to us the

use of this building? Mr. Jones, the Secretary, and myself are aware he went to a good deal of trouble to let us have it. Indeed, at the last moment he had to put out of this room a committee that was conducting examinations. I would ask that some one second my motion to extend a vote of thanks to the Minister of Finance.

The motion was seconded.

PRESIDENT: I would suggest that we extend a rising vote of thanks to the Honorable Minister of Finance.

All arose.

MR. HYMAN: I move that a vote of thanks be extended to the Sheriff of the Province of Quebec for his courtesy and hospitality to us.

The motion was seconded and carried by a rising vote.

Address of Hon. William Chubb, Insurance Commissioner for the Province of Quebec, Canada

PRESIDENT: The Chair will bring the attention of the meeting to the fact that we are honored with the presence of the Hon. William Chubb, Insurance Commissioner for the Province of Quebec. I would like to call upon him to say one or two words to us at the closing hours of our convention. [*The address of Mr. Chubb will be found at page 104.*]

Consolidation of the Bureau of Publicity and the Workmen's Compensation Publicity Bureau

MR. STONE: Mr. President, I wish to speak in reference to the matter that you brought to our attention a few moments ago. That is, the recommendation in your paper that something be done toward the consolidation of the Workmen's Compensation Publicity Bureau and the other Publicity Bureau. I have been wondering since you spoke, and since your paper was read, as to just what this association might do. Those two Bureaus, while they are known to us and supported by us, so far as my memory serves me, have no vestige of organic relationship to this body. I should be very glad to see accomplished what you suggest. I think it is highly desirable for a great many reasons, which it is not necessary at this time to discuss. If you have anything of a definite nature to suggest, I would be very glad to support it, and I am sure we would probably all see the matter as you see it. The hesitancy is as to the method.

PRESIDENT: I can only suggest that the Executive Committee be requested by the association to do its best to bring about such an amalgamation. They cannot do it officially or authoritatively, but they can act as an advisory committee in the matter, and offer their good offices to both those Bureaus with a view to bringing about the desired result.

MR. STONE: I take very great pleasure in offering that as a motion.
Seconded and carried.

PRESIDENT: The only item on the agenda is "unfinished business." Mr. Secretary, is there any unfinished business?

SECRETARY: There is no unfinished business.

Vote of Thanks to President and Entertainment Committee

MR. STONE: I have been on my feet more than I should have liked to. There is one matter of unfinished business that ought to be finished, and perhaps it will be the last. It is appropriate that it should be the

last. I do not remember that at any of our conventions we have had quite so elaborate a program of entertainment prepared as we have had at this one. Perhaps my memory is at fault, but such is my recollection. The Entertainment Committee found itself in a city peculiarly open with opportunities not only for entertainment, but for instruction, a city wonderfully rich in memories, wonderfully rich in scenery. It is most creditable to this committee—as to its devotion to the duties committed to it and its appreciation of the opportunities for the fulfillment of those duties,—that it has prepared such a marvelously satisfactory program. A great deal of labor goes into the preparation of such a series of events as we have enjoyed. There can be no doubt that Mr. Emo and his colleagues have spent a great deal of time and thought on this entertainment program, much more, I may repeat, than any committee I know of has ever had the opportunity of doing. They doubtless always had the will, but had not the opportunity. This committee has had marvelous opportunities and has marvelously improved them. I feel that we can do no less than to express our appreciation of the splendid work of this Entertainment Committee.

While I am on my feet I should also like to move what I implied in my report as Chairman of the Nominating Committee—I should like to move a most cordial and appreciative vote of thanks to our presiding officer for the grace, the dignity, the fairness and the entire satisfactoriness with which he has served us during these four days. Therefore, I move you, that the President, and the Chairman and other members of the Entertainment Committee be given a rising vote of thanks.

Seconded and carried.

Vote of Thanks to Management of Chateau Frontenac

MR. HEDDEN: Before closing, I wish to say that one of the members of the Entertainment Committee who is now absent, requests that we offer a vote of thanks to the management of the Chateau Frontenac for the courtesy and favors which they have shown the committee and the delegates to the convention.

The motion was seconded.

PRESIDENT: Before the Chair puts that motion, it would like to express its thanks for your kindness and courtesy and to say once more how greatly he appreciates your patient assistance during this convention. The Chair has also much pleasure in extending to Mr. Emo the vote of thanks so cordially passed. Not one word said by Mr. Stone is too much. Not one thought has been expressed that is an exaggeration in any form. We all feel and know that we have been wonderfully well served by Mr. Emo and his committee. It gives me great pleasure, sir, to pass to you the vote of thanks. It has been moved and seconded that a vote of thanks be extended to the management of the Chateau Frontenac for the cordial way it has co-operated with our Entertainment Committee to provide for our comfort. All those in favor please say aye.

Carried.

Vote of Thanks to Banquet Committee

MR. MCNEILL: While at our dinner last evening we were all unanimous in the opinion that our Banquet Committee had served us very faithfully. It seems to me that it would be appropriate at this time to make it a matter of record. I therefore move a rising vote of thanks to our Banquet Committee for the efficient and very satisfactory manner in which they attended to their duties.

MR. HOAGLAND: I second the motion.

Carried.

Vote of Thanks to Canadian Government

SECRETARY: There are just two other matters I should like to bring to your attention. I am not a voting member of this association, but if I might suggest two things in passing, I would be very much indebted to you indeed. The first is that we pay a vote of thanks to the Canadian Government for the free entry of all literature. The Canadian Government extended the freedom of the port to this association in connection with all literature that was used at this convention.

PRESIDENT: The Chair will be glad to entertain a motion expressing our thanks to the Canadian Government for relieving us of the payment of customs on literature that we produced.

A motion to this effect was seconded and carried.

Vote of Thanks to the Press

SECRETARY: I should like to suggest that a rising vote of thanks be extended to the press for their careful attention to the details of this convention, the accurate reports, and for the special numbers they have issued giving the papers and the report of the proceedings of the convention. I think the press has served us very faithfully indeed, and this convention is very much indebted to them. I cannot press that motion myself, but I merely suggest it.

PRESIDENT: I will be pleased to hear such a motion.

A motion to this effect was seconded and carried.

Vote of Thanks to Court House Attendants

MR. STONE: There is one service that we have received during this convention that I am sure we have all appreciated. I do not know the gentleman's name, but I recognize him sitting by the Judge's bench. He and his fellow laborers in this Court House, who have no possible interest in us personally, but who have been so faithful and who have exhibited that well-known urbanity and suavity of the French nation, as well as the well-known faithfulness of the English nation, who have been here every day and frequently at night, who have attended to so much detail, and contributed to our understanding of what is going on. They surely ought to be recognized in a vote, and I trust will be recognized more substantially by the Executive Committee. I move that a vote of thanks be extended to them.

Seconded and carried.

Motion for Adjournment

MR. FRANKLIN J. MOORE: Mr. President, at the risk of having a vote of thanks given to me for what I am about to say, I think it is about time someone made a motion to adjourn. I therefore move you that we adjourn.

Seconded and carried.

Adjourned.

PERSONAL ACCIDENT AND HEALTH SECTIONAL MEETING (STOCK COMPANIES)

**Meeting Room, Palais de Justice, Cour du Banc du Roi,
Thursday Morning, July 10, 1913**

The meeting was called to order by Vice-President Hedley R. Woodward.

F. Robertson Jones was Secretary of the Meeting.

Appointment of Nominating Committee

CHAIRMAN: The first duty of the Chairman is to appoint a Nominating Committee. I will therefore appoint Messrs. Charles H. Holland, Corwin McDowell, and John E. Ahearn.

Report of Standing Committee and Address of Vice-President Hedley R. Woodward

CHAIRMAN: Number three on the agenda calls for the report of the Standing Committee. As the Chairman of the Standing Committee is also the Vice-President, he has incorporated in his address to you the report of the Standing Committee.

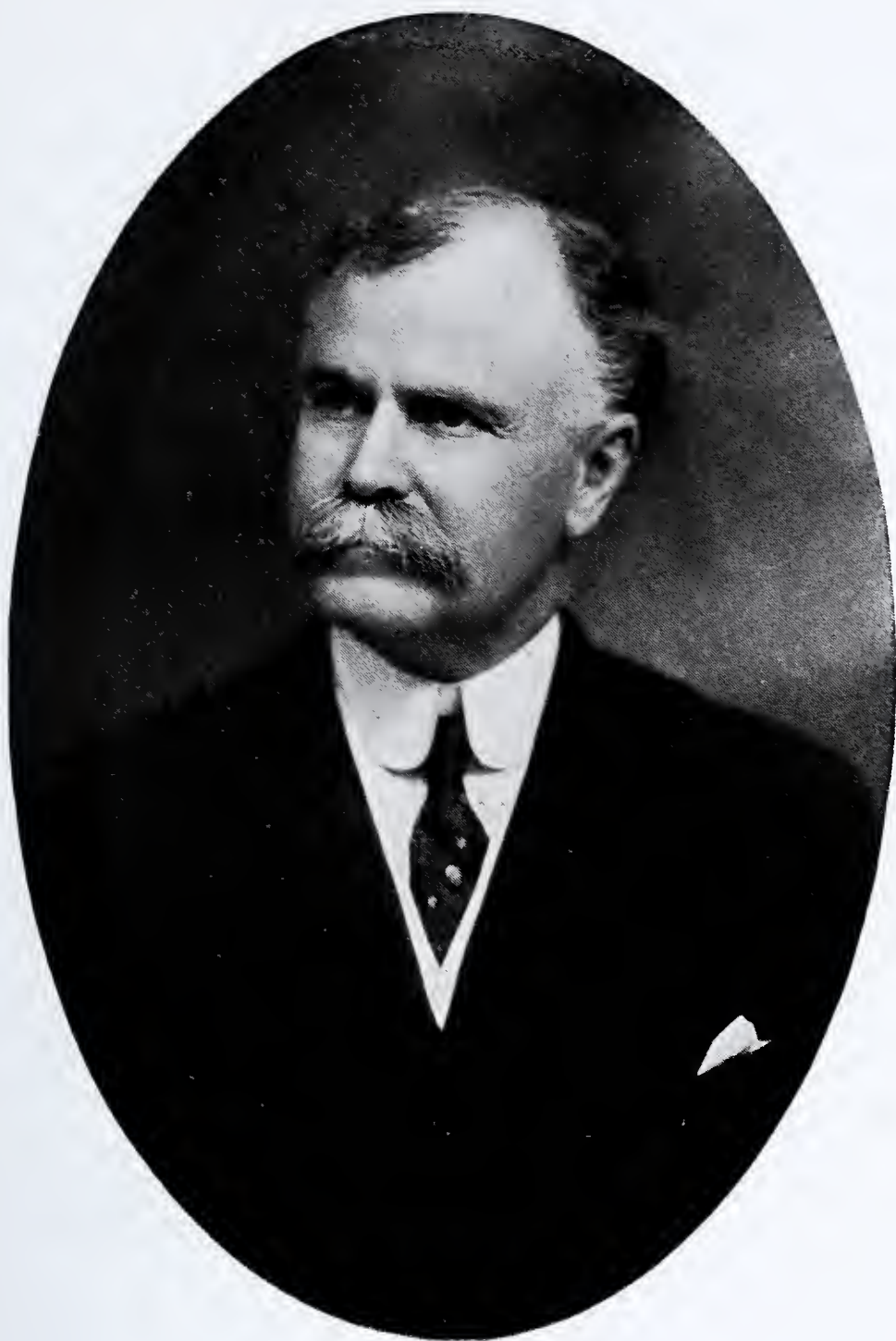
Address of Vice-President, Hedley R. Woodward

I wish that I could come to you today with an address that would contain nothing but words of good cheer for those of us who are embarked in the business of accident and health insurance, and that I could say to you that since I had last addressed you, all serious problems had been solved, and that we had enjoyed a degree of prosperity that was warranted by the efforts which have been made.

I wish that it were possible for me to say to you that sane and serious consideration had been given to all the vexatious problems pertinent to our business, and that a spirit of harmony and co-operation had so absolutely prevailed that our difficulties had vanished as the dew on a summer morn.

I wish that I could say to you that the year which has passed since we met at the last convention has been the most prosperous one in the history of the business, that loss ratios and expense ratios were more moderate than they had ever been before, and that the splendid aggregate increase in the volume of business was almost a sure indication of future permanent success in our given line of endeavor.

And yet I suppose that somebody will be able to say something of this kind some day. Let us hope that it will occur long before the millenium arrives. We had great hopes as to what might be accomplished in the year just passed. We still have hopes that great things may be done in the near future. Personally, I wish I had faith that they would be done, for while Hope sees a star, Faith hears the rustle of the angel's wings.



L. D. Brauer

VICE-PRESIDENT
STEAM BOILER AND FLY-WHEEL

Most of us, perhaps all of us, hope and pray for a change in the conditions existing in this business. We hope that somehow, some way, without our doing very much towards it ourselves, a reformation will be brought about and that we will, without much effort on our part, be brought to the Elysian Fields of a perfect companionship in a perfect business, but gentlemen of the convention, if better conditions are to be brought about, some of us have got to change our attitude toward the general question of co-operation, and in your praying you will have to change the burden of your prayer, as the darkey changed his.

He wanted chicken for his Thanksgiving dinner, and prayed persistently and consistently to the Lord to send him chicken, and no chicken came, and Thanksgiving was mighty near, and then out of the excess of his desire he prayed that the Lord send him to a chicken — and it came to pass that there was chicken for Thanksgiving dinner.

At Old Point Comfort a year ago I said to you that the one thing expected of the Accident Section of this organization was that it should immediately go to work to make plans for the reformation of existing accident and health policies, and that for many years back the necessity for such reformation had been apparent. You will remember that a resolution was adopted, referring the matter to a Standing Committee, nominated at that convention, with the understanding that the companies would adopt such changes as were recommended by the unanimous vote of the Standing Committee, and that each company deposit with some member of the Standing Committee a proxy or authority to abide by the action of the Standing Committee to make the policy changes as so recommended; and that the Committee report its conclusions not later than October 1st, and that the proposed changes should be effective January 1st, 1913.

The Standing Committee had every reason to believe that by reason of the enthusiasm manifested at that convention, they could confidently go ahead with the task committed to them. Of course, all companies were not represented at the Old Point Comfort Convention, and the first trouble that the Standing Committee met was the very half-hearted response in the matter of proxies. Indeed, we scarcely received a sufficient number of proxies to justify the effort to bind the companies along the lines proposed in the resolution adopted. Notwithstanding this fact, the Committee went ahead with its work and on October 1st, submitted to all companies its recommendations, at the same time asking for their agreement to the recommendations as suggested. A number of replies came in very promptly, a larger number were dilatory, and quite a few companies, I am sorry to say, did not respond at all.

The Standing Committee had many meetings discussing this subject and at these meetings it developed that the committee itself was not unanimous with respect to the recommendations, especially with reference to Section 12, which read as follows:

"12. It is also unanimously agreed that no policy of accident insurance should be issued giving greater benefits or introducing into future accident policies features providing benefits not contained in policies that are now issued, even for an additional premium, excepting, of course, that there shall be no limit as to the amount of insurance that may be granted under the suggested form of contract so long as the basis rate of \$5 premium for \$1,000 principal sum and \$5 weekly indemnity is adhered to."

but was amended to read:

"12. It is unanimously agreed that no policy of accident insurance should be issued during the year 1914 giving greater benefits or introducing into accident policies features providing benefits not contained in policies that are now proposed to be issued even for an additional premium."

A further modification of these recommendations was made, and at a later meeting the committee unanimously agreed upon the amended list of recommendations, which was again submitted to the companies. The number of responses to this amended list of recommendations is amazingly small. A large number have not replied at all; quite a number have written that if all other companies agree, they will be glad to follow, but they must know first that all other companies had agreed, which, of course, is a ridiculous proposition, for if all companies took an attitude of that kind, there would never be any company to take the initiative, and consequently there would never be an agreement to any recommendations whatever. Some few companies have declined flatly to enter into any such agreement. Some other companies say they will sign the agreement, provided that they may be permitted to meet the policy forms of companies that have, prior to the proposed agreement, issued a more liberal form of insurance than may be written thereunder. Of course, to my mind, such a proposition could not be accepted by any company, that, throughout the years and at a great expense has succeeded in building up a volume of business.

Another reason given for not signing the agreement is that such agreement might be held to be contrary to the anti-trust laws of many states and therefore illegal. Some minor reasons were offered, but these are the main points of objection, all of which goes to show the difficulty of reaching an agreement as to reformation of existing accident and health contracts.

It has been further stated by some companies that the Standing Committee had exceeded its powers when it recommended the reformation of accident policies that would cost more or less than \$5 for \$5,000 and \$25 a week. I do not think that the committee was so much concerned with the question of premium as it was with the elimination of excessive insurances, which had been developed in the accident contracts in the course of competition for this class of business, and with the providing of a reasonable contract acceptable to the public, and under which all companies could live at the going premium rate.

Therefore, gentlemen of the convention, it does not seem that we are any nearer an agreement as to what should obtain in the matter of contract in the accident business, than we were a year ago when we met at Old Point Comfort. But the necessity for the suggested changes is just as real as it was then. Conditions have not changed. Indeed, with each succeeding year they grow worse instead of better.

The loss ratio for the aggregate of the companies is a little higher than it was a year ago, and unless something is done toward the modification of present contracts, we are face to face with the proposition of doing the accident business at a loss. For instance, in 1908 all the companies doing business in the United States and Canada, showing a volume of nearly twenty million dollars in premiums, had a loss ratio of 42.4 per cent. In 1912 the number of companies had more than doubled. The premium income had increased to over thirty million dollars and the loss ratio had increased to 46.3 per cent. This is a fair indication of just how the business is going, although the latter figure is no indication of what the real loss ratio *will* be, for it is largely modified by the newer companies that have come into the business and have not yet attained their full experience, while the 1908 record was that of companies, the majority of which had been in business for many years.

Of the companies having \$100,000 or more in premiums, in 1908 five had a loss ratio between 31 and 35 per cent. In 1908 six companies had a loss ratio between 36 and 40 per cent.; in 1912 there were nine. In 1908 eight companies had a loss ratio between 41 and 45 per cent.; in 1912 there were twelve. In 1908 four companies had a loss ratio

between 46 and 50 per cent.; in 1912 there were ten. In 1908 one company had a loss ratio between 51 and 55 per cent.; in 1912 there were seven. In 1908 there were two companies that had a loss ratio of over 56 per cent.; in 1912 there were six; and please remember that these are the companies with the larger volume of accident business.

Health insurance is the running mate to accident insurance, and in the past decade has grown immensely in volume. The profit on such business has never been large, and the continued liberalization of policies of health insurance is fast bringing that line where the profit is disappearing altogether. It was never the intention of those who framed health policies originally that they should pay for indemnity of less than seven days, and it was their intention that a condition precedent should be that the assured should suffer disability on account of illness at least seven days before anything could be had under the contract. By stress of competition such conditions have been absolutely eliminated, and now we are called upon to pay for disability of one day and up. We should have an agreement that no health policy should be issued providing indemnity for disability of less than seven days. The following experience will bear this out:

In 1908 there were two companies with a loss ratio between 31 and 35 per cent.; in 1912 no company had such a small loss ratio. In 1908 three companies had a loss ratio between 36 and 40 per cent.; and the same number had this experience in 1912. There were also three companies in each year whose loss ratio was between 41 and 45 per cent. In 1908 two companies had a loss ratio between 46 and 50 per cent.; in 1912 there were four. In 1908 one company had a loss ratio between 51 and 55 per cent.; in 1912 there were three, all of which goes to show the tendency of the health insurance business.

Competition is at high tide, sweeping the barriers of reason aside. Within the past three or four months there have been placed on my desk contracts of accident insurance issued by what are supposed to be conservative companies, which, when analyzed on the basis of an experience of twenty-five years, would indicate a loss ratio of 60 per cent. or over. Indeed, one policy for which the given company is getting a premium of \$16 for a contract providing \$5,000 in case of death and \$25 weekly indemnity, is a very similar policy to the one issued by all the leading companies many years ago, for which they got a premium of \$20 or \$21, and on which the experience was anything but satisfactory; and when this \$16 policy is analyzed on the basis of an experience that is much more favorable than any experience we could get today, the loss ratio is anywhere from 63 to 65 per cent. Whether there is any saving in the matter of commissions and expenses upon this particular form of policy, I do not know, but my observation is that competition also takes care of that proposition, and if a saving is attempted, it does not meet with success.

Speaking, of course, from the standpoint of my own company, the automobile hazard has not changed one whit, and while the ratio of automobile losses to the total of all losses in 1912 was about the same as in 1911, that was due to the fact that the large amount of money paid out on account of those of our assured who were lost on the Titanic and an appreciable effect in reducing the ratio figure for automobiles, but from a dollars and cents standpoint, we paid out a much larger sum in 1912 than we did in 1911.

The hazard of travel has not changed for the better, at least, from an insurance standpoint, indeed the staggering losses that have been suffered on account of the hazard of travel within the past year or two have brought up the figure fixed for carrying this exposure very materially, and yet by stress of competition, we are each trying to beat the other fellow by liberalizing this special coverage.

I wish I could drive home to you the hard, positive fact that the death hazard under accident policies has been steadily increasing for some years past. Quoting from our own statistics, I give you the following ratios:

From 1887 to 1906 that portion of the premium paid out for death losses was 16 per cent.

	Cash	Death Losses
In 1907	1,809,788	427,768
1908	1,816,009	353,278
1909	1,959,764	358,195
1910	2,002,282	285,686
1911	2,067,814	390,716
1912	2,061,977	549,304

A loss ratio of 20.2, and I might say in passing that our death loss ratio for the year ending Dec. 31, 1912, was 26.6.

Patrick Henry's immortal words: "I have but one lamp to guide my feet, and that is the light of experience," are applicable. This experience should be a light to guide our path, but we have kicked the lamp into outer darkness and are blindly trying to grope our way to prosperity as witness our accumulation policies, and contracts providing 50 per cent. more of death insurance than can safely be given. I do not believe that there is any gainsaying the fact that the hazard of death from accident is increasing, and no measures of protection, either by restriction of contract form or advance in premium rates have been taken to ameliorate the condition.

And while the ratio of losses paid for weekly indemnity has been more constant, it too has gradually and persistently been creeping up and up and ever up — it never goes down, and this aspect of the business should have our most careful consideration.

If we are to continue to pay these heavy loss ratios on accident and health business, there must be a compensating economy somewhere else, either in the matter of remuneration to agents, or the matter of administration expenses, or both, and I am free to say that the sentiment which is steadily growing among the Insurance Departments of the various states is in the direction of putting the business upon a thoroughly sound basis, and if we do not take the matter of regulating the business into our own hands, the states will do it for us.

The Standing Committee had also referred to it the matter of furthering an attempt to have the Missouri Suicide Law amended so as to exempt accident companies from its operation. A great deal of work has been done in this direction. Eminent counsel was employed, the situation thoroughly canvassed, with the result that a bill amending the law passed both houses of the legislature, only to be vetoed by Governor Major. We had everything in our favor. The life insurance companies did not put any obstacles in our way this time by attempting to have the law amended in their behalf also, but considerately gave us the field to ourselves. However, while we were successful in the work undertaken insofar as the action of the legislators was concerned, we failed in our ultimate purpose by reason of the Governor's action.

One serious result of our failure to get the law enacted is, that more widely advertised than ever through the length and breadth of these United States is the amazing fact that in Missouri under an accident policy recovery may be had if the assured commits suicide, and thus by the payment of a small premium, add to his estate a very considerable sum of money at the expense of the accident insurance company. And this most outrageous and unjust law, in addition to its seriousness as respects Missouri itself, will in the future, as it has in the past, have an effect upon the minds of legislators of other states, suggesting the introduction of bills, making suicide by law no defense under an accident

insurance contract. As long as such a bill stands upon the books of any state, it is a menace to the companies doing business in that state, and the only method of doing business with any degree of satisfaction in such territory is for a company to restrict its contracts and reduce its liability on account of death from accident to a minimum. But on this proposition there can be no co-operation. Each company will have to act individually and serve its interests in the best way that it sees fit.

Some weeks ago one of the New York Casualty Companies received a communication from the Insurance Department, indicating that the department would require that all policies issued prior to January 1st, 1914, should come under the operation of the Standard Provisions Law, and therefore would have to be rewritten. The Standing Committee took this matter up with the Superintendent of Insurance and obtained a ruling from him that such was not his intention, and that companies would not be forced to rewrite the business but could renew it as heretofore; and to be perfectly fair to the Superintendent of the New York Insurance Department, I do not believe that it was ever in his mind to do otherwise than as he has ruled, and it is to be presumed that other states that have passed a Standard Provisions Law will follow the ruling of New York.

As respects legislation, Standard Provisions Laws have been passed as follows:

Connecticut Senate Bill No. 432 — Gives schedule of standard provisions required in all policies of health and accident insurance. Prohibits discrimination in rates of premium.

Maine Senate Bill No. 491 — Provides that no accident or health policy shall be issued until form thereof and classification of risks and premium rates, etc., have been filed with insurance commissioner, who shall exercise supervision. Brief schedule of standard provisions required to be contained in such policies.

Michigan Senate Bill No. 113 — Provides schedule of standard provisions for accident and health insurance policies.

Minnesota House Bill No. 98 — Provides for regulation of provisions of health or accident policies — standard schedule — Repeals present provision as to conditions required in policies.

Nebraska Senate Bill No. 364 — INSURANCE CODE BILL. Contains schedule of standard provisions for accident and health insurance policies.

New Hampshire House Bill No. 391 — Provides for regulation of form of and gives schedule of standard provisions to be contained in all accident and health policies.

New York Senate (Int.) No. 649 — Adds new section to insurance law, setting forth standard provisions to be contained in all accident and health insurance policies.

New York Senate (Int.) No. 445 — Adds to present law provision for filing, subject to approval of superintendent of insurance, form of health or accident policies. Superintendent to make rules and regulations.

North Carolina Senate Bill No. 176 — Provides for standard provisions to be contained in all accident and health policies.

Pennsylvania House Bill No. 696 — Requires schedule of standard provisions to be contained in all policies of accident or health insurance. Penalty for violation.

Vermont House Bill No. 294 — Provides for standard provisions to be contained in accident and health insurance policies.

Vermont Senate Bill No. 206 — Amends lines 64 and 69 of Section 3 of above Act as follows: "for this policy the subsequent acceptance of a premium."

Wisconsin House Bill No. 691 — Provides for standard provisions for accident and health insurance policies.

At the close of the convention of last year the Standing Committee thought that the opportunity had come to it for successfully solving the problem of working out a reformation in the matter of accident contracts. From what I have said to you, you will possibly understand how sadly it has been disappointed that the results expected have not been achieved. It has worked hard in trying to bring about some satisfactory agreement, but success has been denied us. I perhaps should say for your information that the companies having the larger volume of business could come to an understanding in an hour, that they are now agreed as to what is necessary for the proper and prosperous conduct of the business, but it seems to be an almost impossible task to bring all companies to their way of thinking.

The suggestion made to you at the last convention and acted upon by you seemed to be a possible way out—a chance that would win, but the result is not alluring as to future possibilities. The natural question that comes to us is—what are we going to do about it? Frankly, I do not know. One thing is certain and sure, we cannot keep the pace we have set. A halt has to be called some time, and if, in our headlong rush for business, we can be induced to pause long enough—long enough to decide to make haste more slowly—long enough to look squarely into the future and see whither we are going, we shall perhaps see the wisdom of retracing our steps and choose those conservative paths that lead to the goal of good things that first attracted us to the accident insurance business.

Address of Walter C. Faxon

CHAIRMAN: Number 5 is an address by Mr. Walter C. Faxon, Vice-President of the Ætna Life Insurance Company. [*Mr. Faxon's address will be found at page 126.*]

MR. W. C. JOHNSON: I would like to move that this convention by a rising vote extend its thanks to Mr. Faxon for his very careful analysis of these questions, which should have our more earnest consideration, and our ultimate action.

Seconded and carried.

Report of Committee on Standard Manual

CHAIRMAN: Number six is the report of the Committee on Standard Manual, John M. Parker, Jr., Chairman. [*The report of the Committee on Standard Manual will be found at page 164.*]

CHAIRMAN: What is your pleasure, gentlemen, with the report of the Committee on Standard Manual?

On motion, seconded, the report was accepted and filed.

Report of the Bureau of Information

CHAIRMAN: Number seven is the report of the Bureau of Information, Mr. Bayard P. Holmes. [*This report will be found at page 166.*]



H. Robertson Jones

SECRETARY

Inclusion of Date and Place of Birth in Application for Accident and Health Policies

MR. STONE: I move the acceptance of the report, and further, that this meeting record itself as definitely approving the suggestion made as to the inclusion of the date and place of birth of applicants in applications. We all recognize the value of the work of this Bureau. It is the nucleus around which this Association was built, and as the Association has lengthened in years, this Bureau has grown in importance and value in its accumulation of data. Now, anything which it suggests is certainly entitled to our most serious consideration, because it is the outgrowth of experience. This particular suggestion it seems to me is of obvious value, in addition to the fact that it comes from the source from which we received it. I therefore would like to incorporate in my motion accepting the report a minute that this meeting definitely approve this recommendation and urge upon the company members to adopt it in their applications.

The motion was seconded.

CHAIRMAN: I think the suggestion is a splendid one. It comes at a very appropriate time, for all of us have to change our policy forms to conform with the Standard Provisions laws of the various states on January 1st next, so that the mechanical operation making the application fit the suggestion of Mr. Holmes will be an easy one, and comes just exactly at the right time.

The motion was carried.

Report of the International Claim Association

CHAIRMAN: The next is the report of the International Claim Association. Mr. Holmes will read this report on behalf of Dr. Clovis M. Taylor, President of the Association.

MR. HOLMES: I have the honor, at the request of Dr. Taylor, President of the International Claim Association, to present to you on his behalf, and that of the Association, this report. [*The report of the International Claim Association will be found at page 169.*]

MR. FAXON: I move the acceptance of the report of the International Claim Association, and in doing so, take occasion to say, it was my pleasure and privilege to be present at the last convention of that Association. I want to say to you that all that Dr. Taylor said in his report about the interest taken by the representatives at that convention, and about the value of the papers read and discussed, has not been overdrawn one bit. They were very instructive, very helpful, and it is certainly well worth while for all the companies, now members of that Association to continue their membership, and also worth while, for all the companies that are not, to see to it that their claim departments are represented there. While I do not want to establish a precedent, it seems to me that, inasmuch as that Association is an offspring of the International Association of Accident Underwriters, our former President, Mr. H. G. B. Alexander, being the prime mover in its organization, it would be well if some of the executive officers of the companies would take occasion to attend the conventions of that organization, not necessarily many, but one or two.

The motion was seconded and carried.

Year Book of the International Claim Association

SECRETARY: I would like to call the attention of the delegates to the year-book of the International Claim Association, of the third annual convention at Niagara Falls, in 1912, to which reference was

made. That shows the kind of work that Association is doing. It is a thorough-going business Association, and the papers printed in this year-book are very interesting indeed; not only to specialists in this line of work, but likewise to the layman.

MR. FAXON: They conduct their affairs on a very economic basis. The membership fee is not over twenty dollars. I think copies of their proceedings could be obtained by writing to Dr. Taylor. It would be well worth while for anybody to read them.

MR. HOLMES: I might say that under a resolution adopted by the International Claim Association copies of the year-book are distributed only to members. It was thought advisable to restrict their distribution. The discussions which take place are very free and full. We thought it would be to the interest of the companies to have the reports of those discussions only in the hands of the men connected with the claim departments, or, if officials of other departments desired, they could of course be obtained, but they are not for distribution outside of the members of the International Claim Association.

Subjects for Discussion

CHAIRMAN: Are there any subjects for discussion?

SECRETARY: I have one subject for discussion submitted by Mr. S. W. Munsell, Secretary and General Manager of the Masonic Mutual Accident Company, as follows:

"The perplexities of health insurance."

MR. MUNSELL: I did not prepare any paper on that subject, and I did not understand that I was requested to do so. It was only a suggestion of my own. The health problem is one that has somewhat affected me in my work, but I did not come prepared to discuss it myself.

CHAIRMAN: Is there any further discussion on that subject? Are there any other subjects that anyone wishes to present for discussion?

Standard Form of Accident Policy

MR. HEDDEN: I would like to ask whether the movement for the adoption of a standard policy is to fall through altogether? Our company is strongly in favor of a standard policy. I will go further and state that if fifty per cent. of the companies adopt a standard policy, our company would be one, although we are small. This matter must be considered sometime and I do not see why we should not get busy now. I do not see what the large companies have to fear in the matter, whether they all go in or do not go in. I think they will receive the support of the smaller companies. One objection to the proposed policy form that I can offer to you, that affects the smaller companies, is the unlimited time for the payment of weekly indemnity. It is not the amount of the payment so much as the ruling of the Insurance Department of the State of New York. We made inquiry of the Department ourselves, and we found that if a man sustains an injury for a time which could not be computed accurately at the age of thirty years, that the company paying a \$25 weekly indemnity would have to put up a reserve of over \$28,000 or a double indemnity of over \$56,000, for whatever length of time that we are willing to accept. We do not propose to adopt any standard policy that gives a benefit for unlimited time. I think if we want the co-operation of the smaller companies that matter should be taken into consideration, but it seems to me that some action should be taken toward the adoption of a standard policy. Let us get as many together as we can. Let us get busy. We can sell policies. We sold some policies where other companies said they could not sell them. I am in favor of having a good, strict, plain policy.

MR. BASFORD: In a discussion between members of the bar, the subject came up as to who was the ablest attorney at the bar. One lawyer suggested one lawyer who was good in his line in that direction, and another lawyer asked how will you prove that. He said, I don't have to prove it, but I admit it. And so it is with the conditions of insurance—I will admit that we sometimes think we know more than we do. The matter of a standard form of accident policy is of a great deal of interest to the Commissioners of Insurance. Accident insurance affords us very much trouble. The business is injured in two ways, by the unprincipled snide agent, or so representing himself to be. Within six months two such agents have operated in my own state. One was caught in Nebraska, and is now on his way to the penitentiary. The other one I suppose is on his way to China, as they have not been able to catch him yet. One had previously been an agent for one of the strongest companies in the United States, but he had lost his agency. In taking up the papers, he kept in his possession their reserve and he went through Colorado, Nebraska, Iowa and South Dakota and wrote quite an immense amount of insurance, not sending in the applications, but just collecting the fees. Finally, after a delay of several weeks, those who had supposed themselves possessed of accident insurance began to write the company about it, and the company replied that they had not received any application, nor any fee. In the other case the individual had received his license from me as agent upon requisition from the company, was not satisfied with his commission, but thought he would take the whole thing, so he pocketed the full amount.

You are injured in your general business by that type of man. I do not know any particular remedy to apply. Then there is another injury to your business that arises from the venturesome, speculative, semi-snide attempts to organize mutual health and accident insurance. Many of those smaller concerns seem to think that their success is entirely dependent to the extent to which they can beat the applicants for claims. There is disrepute in your business from the agents. If you can get together and agree upon a standard form of policy, the commissioners will not only welcome it, but the members of the legislature are not such wooden heads as you imagine, and when you get before them a proper proposition they will take to it kindly, especially so, if it is favored by the insurance department of the state. If you can get the adoption of a standard form of insurance policy, it will largely relieve you of some of the embarrassments to your business, by forcing all these companies to adopt a standard form of policy, not putting in those features.

My business is that of a printer and publisher. After I had been a commissioner for awhile, I went in the office and found that four or five of the boys had taken out accident insurance policies, and put them up in the pigeon hole. The foreman came around and he said, "Mr. Basford, some of the boys have taken out accident insurance policies, they are up there. I will be glad if you will look at them." I looked them over and then I said to the foreman, "Call the boys up, I want to talk to them all at once." I said "Boys, you have taken out these accident policies, thinking you would be protected against accidents that were liable to happen, but you are mistaken. Do you expect that if you got your finger or your thumb mashed and were out for awhile, that you could get indemnity?" They replied, "Sure; that is why we took it." I said, "To get indemnity, certain things would have to happen."

There is the difficulty which you gentlemen do not meet, but your field men who produce your business feel it. He feels the criticism from the public mind and some of them have to establish their integrity before they can do business.

I noticed in reading the President's paper, that in Vermont, and I think in one or two other states, it is the duty of the Commissioner of Insurance to determine the features of an implied accident insurance

policy. We have admitted the fact that we do not know much about it. If you gentlemen who make it a specialty and scientifically investigate the matter, and know what the outcome of your methods have been,— if you cannot get together —there may be difficulties in the proposition —if you cannot get together and present a policy you must not expect that the humble Commissioner of Insurance is going to do what you, united, with all your experience, cannot do. It would be an easy matter to get the adoption of a law in all the States of this Union when you agree as to what that policy form shall be. We have a standard fire policy and a standard life policy in my state, and it has relieved us. Nothing can be in the life insurance policy but what is prescribed by law. In addition to that there are eleven specific things mentioned which must not be in the policy form.

Report of Nominating Committee

Mr. Holland at this point, on behalf of the Committee on Nominations, made the following report:

Your Committee received a very definite pronouncement from the present Vice-President that he is not willing to be nominated again for the coming year, and we, therefore, had to look around for a new Vice-President. We therefore report as follows:

Vice-President, Wilfrid C. Potter, Secretary Preferred Accident Insurance Company.

STANDING COMMITTEE

Bertrand A. Page, Vice-President Travelers Insurance Company.

Walter C. Faxon, Vice-President Ætna Life Insurance Company.

Hedley R. Woodward, Vice-President The Fidelity & Casualty Company of New York.

C. Clarke Howard, Manager Accident Department Massachusetts Bonding & Insurance Company.

CHAIRMAN: Gentlemen, you have heard the report of the Nominating Committee. What is your pleasure?

On motion, duly seconded, the report was accepted.

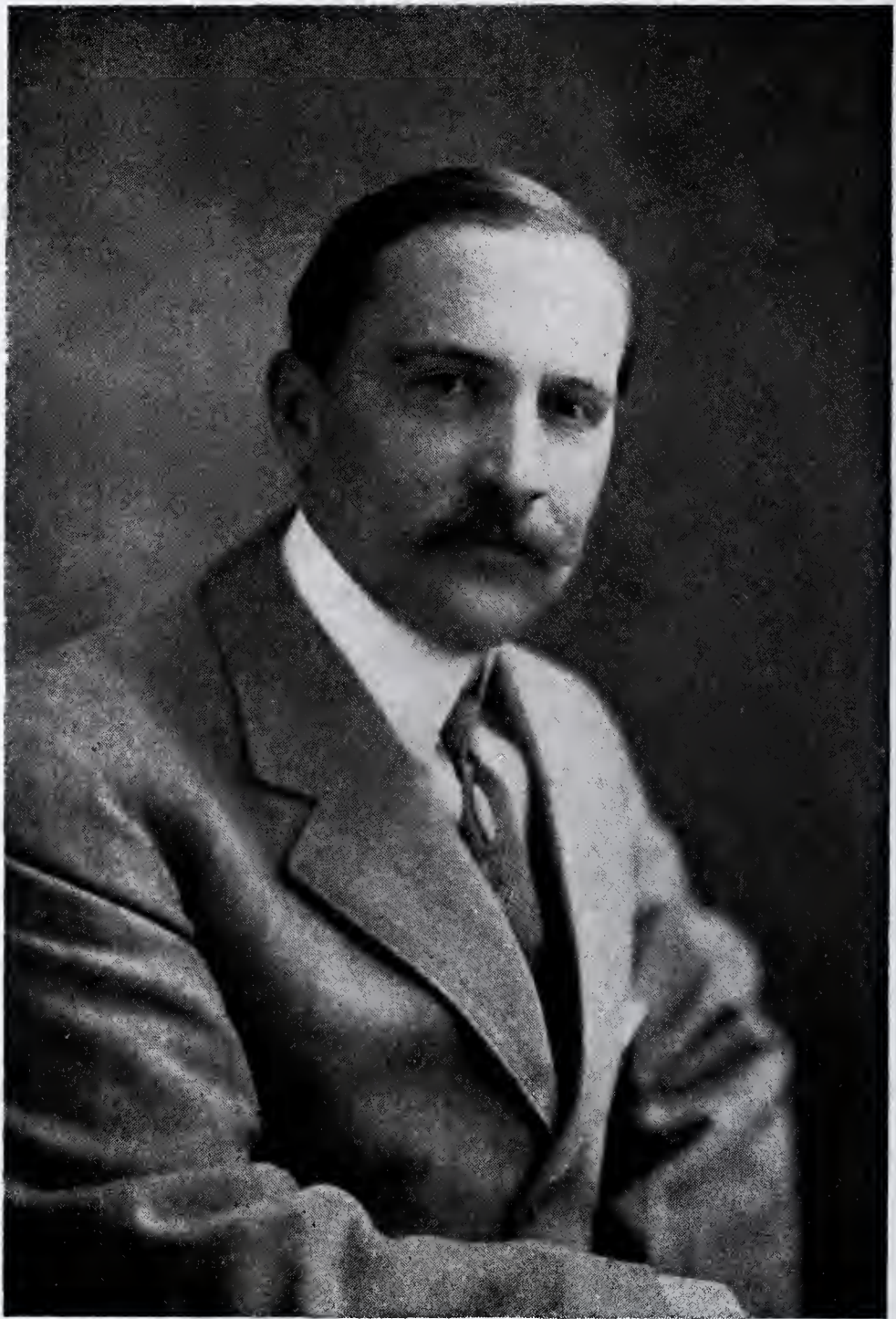
Standard Form of Accident Policy

MR. HEDDEN: May I ask if we can take a poll among those present to see how many are willing to adopt a standard policy?

CHAIRMAN: We are going to try to do something else in the future. This was referred to a committee down at Old Point Comfort, and we were all unanimous then that this is not the place where we can work upon a standard form of policy, but that it should be done through a committee, and the Standing Committee has not yet prepared a report to bring about a standard form.

MR. HEDDEN: I believe it should be adopted right here. The adoption of a standard policy depends upon the consent of a majority of the members at this convention. It can be referred to a committee, I suppose, as I see we can't do anything here, but it is left to the individual company to say if you go in, we will go in.

MR. FAXON: If I recall rightly, the form of agreement which the companies were asked to sign indicated that they would adopt it on the 1st of January, 1914, provided they were notified of the fact that substantially all the leading companies had agreed, not making it necessarily unanimous, but that substantially all had agreed. It seems to me that is simply a matter of having the companies urged to agree, and to do so quickly, in order that policy forms may be prepared for submission to the State Departments probably by October 1st, and then



Geo. B. Taylor

TREASURER

approved, printed and ready for issuing on January 1, 1914. It would be a matter for the committee to go ahead with the work if it is willing to, and get enough of the companies to enter into the agreement, so that they can report back to all the companies that substantially all the leading companies have agreed.

CHAIRMAN: That answers Mr. Hedden's question. Is there any new business, gentlemen?

Question of Loss Ratio and Expense Ratio

MR. STONE: I have nothing to propose in the shape of a motion, but we are about to adjourn, I suppose. There is a matter in my mind that, if I may be permitted, I would like merely to suggest for consideration. Your address, Mr. Chairman, was very suggestive to my mind in two or three different directions. You spoke of the growing loss ratio, which we all recognize as an indisputable fact. You spoke of the expense ratio, which to my mind has been more or less interesting in the past year as to personal accident insurance. I have studied those two factors in an endeavor to reach in my own mind an opinion, as to whether the loss ratio ought not to continue to grow larger—I mean it ought not in the sense of equity—I am not defending the so-called frills that have caused that. My own attitude toward some of those things is one of direct disapproval, as I have frequently expressed myself on this floor, and in other places. I particularly oppose the accumulation feature, although I practice it. I do not think it is sound underwriting, yet I do it, because it is a matter of competition, and I have been foolish enough to meet competition, as the rest have. I have been still more foolish sometimes in participating in some of those things which other people have. Aside from the details, it has become to my mind more and more of a serious inquiry whether the policy-holder is not entitled to more than fifty per cent. of his premium as a matter of loss payment. It is an inquiry that is at least interesting, as to whether it is an equitable proposition, whether a man or a thousand men, for illustration, pay \$25,000 into an insurance company's treasury, and that not more than \$12,500 should be paid back to them in benefits; or putting the other point of view, it is an interesting inquiry whether it is an equitable commercial proposition that one-half of that \$25,000 should be distributed among employees, agents of the companies, to the tax gathering officers of the state, to printers for printing supplies and stationery, and for the general expenses of running the business. I am merely thinking aloud, not expressing an opinion, but I believe it is a pertinent query, when we have perhaps reached the point where we must consider the right relation between the loss ratio and the expense ratio.

The largest factor in the expense ratio is the agents' commissions. There I venture to say, and I do it in the face of one of my own agents who sits here, the companies have been guilty of scandalous practice. I guess I am pretty nearly as guilty as some of the others. The competition of agents for business has caused the companies to pay most outrageous commission rates. I am informed, but I have no proof of it, that in certain seasons of the year, certain companies pay as much as fifty per cent. commission, and I have heard as much as sixty per cent. commission in order to get what is called new business. I do not make that as a statement. I merely repeat it as a rumor that reached my ears. I am very glad to be able to say that I have not been guilty of that folly. Even at the prevailing rate of commission, which I suppose we will all agree is thirty-five per cent. to general agents, it is an interesting question whether that is not more than the agent ought to receive in consideration of the service that he renders, and in the consideration of the rights of the premium payer to a proportionate return for his premium, either to himself, or to some of his fellow assured, in the form of indemnity.

We have got to face this question of expense. If we do not deal with it ourselves, it will be dealt with for us. We can deal with it much more wisely and comfortably if we do it voluntarily, but just as surely as we are in this business it will be done for us if we do not do it ourselves. As Mr. Basford just said, I thoroughly believe that the insurance commissioners do not want to do these things. We have said a good many pretty ugly things about insurance commissioners, and some of them have been deserved by some commissioners, but the majority of them in my experience, are men of intelligence, men of fairness, men who have the right appreciation of the importance and responsibilities of the offices which they fill, and men who wish to fill those offices with due regard to all of the varied interests they are sent to protect. They want to be fair to the companies. That has been my experience of eighteen years in dealing with insurance commissioners in various ways. I have quarreled with them occasionally, and I got the best of one or two of them, and they have gotten the best of me occasionally, but those are instances that are incidental. The great majority of insurance commissioners do not want to deal with these technical questions. They recognize, as Mr. Basford said, that they have no technical training. They want us to do that. But back of these insurance commissioners, just as sure as we are in this room, there is a growing and increasing, tremendously powerful and popular pressure that they have got to take into account — the fact that they are responsible to the people, and that the people are holding them responsible. If we do not deal with this question of expense, the commissioners, acting through the medium of recommendations through their respective state legislatures, will have to deal with it for us, and we know what the legislatures can do to insurance interests when they once get to running amuck.

I merely thought it might not be amiss to throw out these suggestions that have been engaging my attention, that miracles may perhaps be performed, and may germinate in the course of the next decade or two in action.

After an announcement by Mr. Emo, of the program of entertainment for the day, the meeting adjourned.

PERSONAL ACCIDENT AND HEALTH SECTIONAL MEETING—MUTUAL AND ASSESSMENT COMPANIES

Meeting Room, Chateau Frontenac, Wednesday Evening, July 9, 1913

The meeting of the Personal Accident and Health Section (Mutual and Assessment Companies) was called to order at eight o'clock P. M., July 9, 1913, in room No. 276, Chateau Frontenac, Quebec, Canada.

Members Present

Those present were as follows:

Representing the Commercial Travelers Mutual Accident Association of America, Utica, N. Y.:

H. D. Pixley, President,
G. S. Dana, Manager,
M. W. Van Auken, General Counsel,
Jesse E. Jones, Director,
Theodore M. Glatt, Director,
John R. Lewis, Director.

Representing the Masonic Mutual Accident Company, Springfield, Mass.:

S. W. Munsell, Secretary.

Representing The Order of United Commercial Travelers of America, Columbus, Ohio:

W. D. Murphy, Member of Supreme Executive Committee,
Harry L. Doud, Supreme Attorney.

Mr. Harry L. Doud was chosen Secretary of the meeting.

Resignations

The Chairman, Mr. M. W. Van Auken, stated the purpose of the meeting and made a report concerning mutual and assessment companies who had tendered their resignations from the Association during the past year.

Reports of Committees

Owing to the absence of Mr. John M. Parker, Mr. Bayard P. Holmes and Dr. Clovis M. Taylor, scheduled to make various reports before this Section of the meeting, the hearing of these reports was waived.

Nomination of Vice-President and Standing Committee

Mr. S. W. Munsell nominated Mr. M. W. Van Auken as Chairman of the Section for the ensuing year.

Seconded and carried.

With the consent of all present, and without the appointment of a nominating committee, the Chairman, Mr. M. W. Van Auken, named the following as members of the Standing Committee:

Harry L. Doud, of The Order of United Commercial Travelers of America,

S. W. Munsell, of the Masonic Mutual Accident Company.

J. W. Hill, of the Iowa State Traveling Men's Association,

R. M. Sweitzer, of the Illinois Commercial Men's Association.

New Business

On the call for new business, the Secretary brought up the question of the efficiency of the Hartford Bureau of Publicity with regard to legislation during the past legislative session, advising that so far as The Order of United Commercial Travelers of America was concerned, the service had not been thoroughly satisfactory, owing to the fact that no reports had been made with regard to action taken by the various states on the Mobile Bill, or the New York Conference Bill, governing fraternal associations.

There being no further business to come before the Section, the Chairman declared the meeting adjourned.

FIDELITY, GUARANTY AND SURETY SECTIONAL MEETING

Meeting Room, Palais de Justice, Cour du Banc du Roi,

Thursday Morning, July 10, 1913

The meeting was called to order by Corwin McDowell, in the absence of Richard Deming, Chairman.

Appointment of Nominating Committee

The Chair appointed Messrs. Charles H. Holland, John T. Stone and R. W. Folsom as members of the Nominating Committee.

Report of Standing Committee, Addresses of Vice-President and R. R. Gilkey

CHAIRMAN: The Standing Committee has presented no report, and Mr. Deming, the Vice-President is unfortunately not here to present his address. Mr. R. R. Gilkey, Secretary of the Surety Association of America, has not yet appeared.

Subjects for Discussion

CHAIRMAN: Under the heading of subjects for discussion, I would like to submit one subject, and that is, "Why did the Surety Association of America call a special meeting in Philadelphia for this week?"

Report of Nominating Committee

MR. FOLSOM: Mr. Chairman, on behalf of the Nominating Committee, I wish to submit the following report of names for nomination:

Vice-President, Corwin McDowell, President New England Casualty Co.

STANDING COMMITTEE.

Richard Deming, Vice-President American Surety Co.
Thomas A. Whelan, Vice-President Fidelity & Deposit Co.
John R. Bland, President United States Fidelity & Guaranty Co.
William B. Joyce, President National Surety Co.

On motion, duly seconded, the report of the Nominating Committee was accepted, and ordered to be transmitted to the General Session for ratification.

On motion, duly seconded, the meeting adjourned.

LIABILITY SECTIONAL (INCLUDING AUTOMOBILES AND TEAMS) MEETING

Meeting Room, Palais de Justice, Cour du Banc du Roi,

Wednesday Afternoon, July 9, 1913

The meeting was called to order by the Chairman, J. Scofield Rowe. F. Robertson Jones was Secretary of the meeting.

Appointment of Nominating Committee

CHAIRMAN: The second item on the program is the appointment of a Nominating Committee. The Chair will name Messrs. Charles H. Holland, John T. Stone and Raymond D. Steele as the Nominating Committee to bring in nominations for Vice-President and Standing Committee at the close of the session.

Report of Standing Committee

CHAIRMAN: The next in order will be the report of the Standing Committee, of which your Vice-President is also the Chairman, which I will now read:

While it was voted last year that the Liability Section should thereafter hold regular quarterly meetings your standing committee has to report that the only meeting held since the last annual convention was the first quarterly meeting called for November 26th, 1912, at the Hotel Astor, New York.

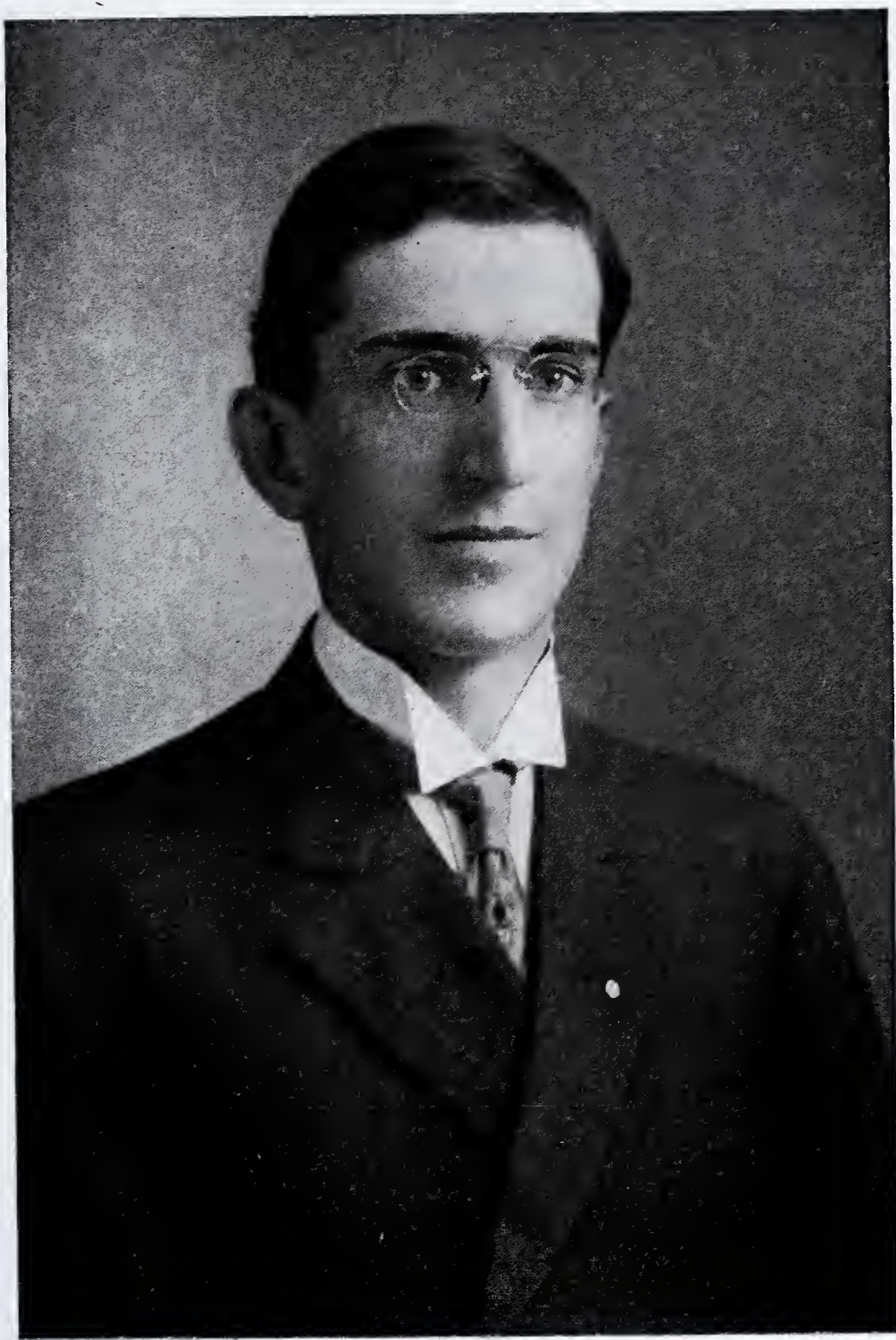
This meeting was called primarily to receive and consider the report of the special committee appointed at the last annual convention to confer with a committee representing the National Association of Manufacturers for the following purposes:

(a) To encourage co-operation between the insurance companies and the National Association of Manufacturers as representative employers in conducting a campaign for accident prevention.

(b) To discuss ways and means of developing a merit system of rating for liability and compensation insurance so as to give employers some benefit in their insurance rates for their accident prevention methods.

This special committee reported having met with the committee representing the National Association of Manufacturers and submitted the following important recommendations looking to the immediate establishment of a WORKMEN'S COMPENSATION GENERAL INSPECTION AND CLASSIFICATION BUREAU, the objects of which shall be:

To provide for the inspection by skilled Inspectors of Workmen's Compensation and Liability risks.



Horace B. Mantz
LIBRARIAN

The classification, according to merit, as regards:

- (a) The use and efficiency of safety appliances.
- (b) The care exercised in the conduct and management of the business or work.
- (c) The history of the risk in respect to casualties.
- (d) All other conditions, physical or otherwise, under which the business or work of a given establishment is conducted.

To secure to the employers reduced rates of insurance as a reward for efforts made to reduce the number of accidents and to eliminate the danger of personal injuries to workmen.

This special committee also submitted a very complete and comprehensive plan for the organization of the proposed Merit Rating Bureau; and while the plan received general approval its final adoption was postponed pending an effort to have the Merit Rating Bureau organized as a part of the Workmen's Compensation Service Bureau, which your committee is pleased to report was subsequently accomplished.

Aside from this pioneer work which has resulted in the establishment of a special bureau for the purpose of inspecting and rating liability and compensation risks according to merit, your standing committee — as such — has found no opportunity during the past year to take an active part in solving any of the other varied and complex problems with which the liability business is confronted.

Since all other underwriting, co-operative and legislative problems were being specifically dealt with by either the Workmen's Compensation Service Bureau or one of the two Publicity Bureaus, your committee deemed it wise, for the same reasons as reported at last convention, to refrain from confusing the situation by undertaking any independent activity that might conflict with the work of any of these Bureaus.

While your Committee is not authorized to report for the Workmen's Compensation Service Bureau, that Bureau continues to perform a highly commendable service, and in fact it hardly seems possible that the companies individually could have met and solved many of the trying problems of the year without this Bureau co-operation.

Respectfully submitted,

J. SCOFIELD ROWE, Chairman,
C. H. FRANKLIN,
R. D. STEELE,
E. W. DELEON,
J. H. THOM,

Standing Committee.

Address of Vice-President J. Scofield Rowe

Gentlemen:—Owing to the short time at our disposal and the several important addresses that are to follow, I shall confine myself to a brief review of the most important events of the year.

First and foremost in importance is the progress that has been made in workmen's accident compensation legislation; in fact, this absolutely overshadows in importance all other events of the year.

While legislation of this character has generally been referred to as "Workmen's Compensation Laws," I am purposely referring to same as Workmen's Accident Compensation Legislation, for the reason that many persons not familiar with the subject have been more or less confused by the term "Workmen's Compensation" which is so indefinite that it has often misled the layman and even some legislators to infer

that the subject under discussion, when the term "Workmen's Compensation" is mentioned, related rather to the proposed minimum wage laws instead of workmen's compensation for accidents of the occupation.

At the time of our convention last year the following states had enacted compensation laws, all varying in importance according to the practicability in operation and the degree of favor with which they were received by employers and employes.

Arizona	Nevada
Rhode Island	Massachusetts
New Hampshire	California
Maryland	Washington
Illinois	New Jersey
Wisconsin	Michigan
Ohio	Kansas

Since our last annual convention the following additional states have for the first time enacted workmen's accident compensation laws which are to become effective in the very near future, and the merits of which are yet to be decided in practical operation.

Connecticut	Iowa
Nebraska	Minnesota
Oregon	West Virginia
Texas	

In the following states previously enacted workmen's accident compensation laws have been amended in many important particulars:

Wisconsin	Kansas
New Jersey	Illinois

In Ohio, California, and Nevada the former workmen's accident compensation laws have been entirely superseded by new enactments, the Ohio Act being without question the most radical and socialistic piece of legislation ever passed in the United States, the Nevada Act being similar to that in Washington.

The California law while apparently recognizing the "open door principle" and permitting the insurance companies to compete, is so drawn as to furnish the state insurance machine with an enormous subsidy from the public treasury, and places almost unlimited authority in the hands of the Industrial Accident Board.

This Industrial Accident Board of California not only operates the State Insurance Compensation Fund, as it is termed, but it has unlimited authority in the adjudication of claim adjustments not only for the state company which they operate but for the claim adjustments of all other companies.

The law requires all working places to be made safe, and it gives authority to the Industrial Accident Board to determine and fix all standards of safety, which may not be alike in any two plants, and may be changed at will by the Industrial Accident Board.

Since our last annual convention workmen's accident compensation laws have been proposed in the following states, and only failed of passage by reason of political and factional disagreements over more or less important details rather than from any general opposition to the principle of workmen's accident compensation.

New York	Missouri
Pennsylvania	Colorado
Montana	Idaho

As to any recent legislation on this important subject in Canada I am not sufficiently well informed to make special comment, although current reports would seem to indicate that Canada is equally concerned in effecting a safe and sane transit from the old system of liability for common or statutory law negligence to one of responsibility for all accidents of the industry regardless of fault.

Looking back four or five years, while we could all see the change coming, if any one had been so bold a prophet as to predict that by the end of 1913 two-thirds of our most important industrial states would be operating under workmen's accident compensation laws we would have set him down as a dreamer.

It has come to pass, however, and it is now safe to predict that another four years, or at the end of 1917, we will find a workmen's accident compensation law in operation in every State of the Union, as well as every Province of Canada.

LIABILITY COMPANIES THE "GOAT."

While the liability companies are blamed by some for promoting the principle of workmen's accident compensation in order to enhance their opportunity for business they are also blamed by others for opposing and obstructing the passage of such laws, but for just what reason is not clear.

However, I suppose someone must be the "goat" and the liability insurance companies appear to be D——d if they do and D——d if they don't.

Even since the issue of our now famous "Liability Insurance Companies Creed," which so clearly and truthfully sets forth the attitude of the companies, the slanderer and knocker keeps up his work, as evidenced by the slurs and misrepresentations cast on the companies by several speakers as late as June 6, 1913, at the First American Congress of Social Insurance, Hotel LaSalle, Chicago.

Among these addresses we find only one by Miles M. Dawson, who seems to have developed an incurable mania in support of the German Social Insurance machinery.

A FALSEHOOD NAILED.

In his efforts to promote what are presumably his own pet theories and doctrines Mr. Dawson appears to give little thought to the actual truth of many of his statements so long as he accomplishes his apparent purpose of sowing the seed of discontent with established institutions.

Here is an example of Mr. Dawson's misrepresentation:

"Now there is one other form of prevention where the employers can help toward the reduction of cost and which is a very legitimate thing for them to give their efforts to, and that is the reduction of the expense cost. In the first place if they are willing—and this is a democratic country and you are not going to pass laws in this country that the people to whom they are to be applied are not willing to have applied—if they are willing to be put into mutual associations and conduct their own affairs within those associations, a number being required to join and contribute to them, they can undoubtedly enormously reduce the expense cost."

"They will wipe out the cost of the agent who goes around to solicit them to join the Companies and whose average commissions in the United States is MORE THAN THIRTY PER CENT (30%) of the entire premium. They would save that to start with and there will be *many, many other great administrative expenses saved*. That has been the experience the world over."

Now gentlemen, please bear in mind that Mr. Dawson was talking about the commission and expense cost of workmen's accident compensation insurance and not liability insurance, and that Mr. Dawson probably knows, or could have easily ascertained if he were a seeker after the real truth, that the regular commission paid by stock companies to soliciting brokers and agents for workmen's accident compensation premiums is 10 and 12½%, and that the maximum total commission cost where such business is obtained through general agencies required to employ other agents and brokers is 17½%.

Mr. Dawson also probably knows—and to admit otherwise would be to admit gross ignorance of a subject which he claims to have studied most sincerely and deeply—that the 30% commission cost which he attributes to compensation accident insurance written by stock companies exceeds by six or seven per cent. the actual commission cost of the several forms of liability insurance written by the company which I represent, over a period of ten years, is 23 - 3/10%.

While the maximum commission now being paid by the companies on workmen's accident compensation business is 17½% and will undoubtedly be reduced as this form of insurance becomes more firmly established, Mr. Dawson declares that the average is 30%, and I trust you gentlemen will see to it that such a deliberate untruth does not go unchallenged.

I quote one further assertion of Mr. Dawson's obviously made to instill further prejudice against the insurance companies, and which is untrue.

Mr. Dawson says:

"Most of the laws that we have at present are a shame and a disgrace in so far as they do not provide for a life pension for those who are totally disabled instead of paying benefits for six or eight years only."

and then he says:

"and I think it will be universally acknowledged that the hands of the Insurance Companies have been pretty generally recognized where such limitations have been introduced."

From the report which came to my attention this appears to have been the only point in Mr. Dawson's address which inspired "applause."

Now Mr. Dawson ought to know as an actuary that there are no institutions better qualified or equipped to safely administer life pensions than stock insurance companies, and that the insurance companies have never undertaken to prescribe or influence in any way the period for which compensation accident benefits shall be paid.

RESPONSIBILITY FOR ECONOMIC WASTE.

The economic waste and abuses that have been attributed to the system of liability insurance by the ignorant, the misinformed and the political machine maker were not created by the system of insurance but were an inherent part of the established law of negligence.

The economic waste and abuses would have prevailed in equal and without doubt an even greater degree had liability insurance not come into existence as a means of safe and adequate distribution of financial losses resulting from industrial accidents and to protect the thousands upon thousands of commercial and business enterprises from sudden and fatal financial embarrassment resulting from unforeseen accidents.

Why should liability insurance be blamed for the waste resulting from an antiquated system of negligence law when its sole purpose has

been to pool together and mutualize the heavy although uncertain financial burdens imposed by that system.

Much capital is made of the occasional claim settlement that has been made by liability insurance company adjusters where the injured does not appear to have received a sum commensurate with his injuries, and these incidents are indignantly and sarcastically referred to by our all wise and theoretical enemies as "cheeseparing settlements" at the expense of labor's poor cripples or widows and orphans.

No thought whatever is given to the fact that in the majority of these cases where the small sums paid were entirely inadequate compensation for the injury, that the existing laws of negligence if correctly applied would have allowed no compensation whatever, and that the insurance company's obligation was to cover the loss resulting from the liability imposed on the employer by existing laws, and not to provide adequate compensation for injuries regardless of the employer's responsibility therefor.

No consideration whatever is given to the fact that by reason of the evils of this same system of negligence law both employers and insurance companies have been mulched for hundreds of thousands of dollars each year for the defence of false and exaggerated claims often supported by perjured testimony, and for damages awarded by sympathetic and prejudiced juries far in excess of the real value of the injury or loss sustained.

No credit is given to the insurance companies for their most valuable service in protecting employers and society in general by running down the fraud, the sham, and the malingerer.

Now I maintain that the liability insurance companies have rendered invaluable service to both employers and employees, and have accomplished as fair and equitable a distribution of losses resulting from industrial accident as was possible under existing laws and practices.

I contend without fear of successful contradiction that the economic waste and the evils so bitterly complained of, all of which are an inherent part of the old system of negligence law, would have existed to a greater extent except for the equalization and restraining influence of liability insurance.

Suppose, for example, the previous non-existence of liability insurance. What would have been the conditions under which the injured would have sought and the employer would have paid damages? Given the same old law of negligence what a happy hunting ground for the switch claim promoter and the ambulance chasing attorney.

The great army of employers in moderate financial circumstances on whom the real prosperity of the nation depends would have been constantly confronted by false, fraudulent and exorbitant claims and forced to employ expensive and often inferior legal advice, and eventually to pay heavy judgments and suffer serious financial embarrassment for lack of insurance protection.

This fact is easily proven by the experience of thousands of employers in moderate financial circumstances, who owing to previous good luck have for a time preferred to carry their own risk, only to be embarrassed sooner or later by unforeseen accidents and confronted by false or exorbitant claims, the defense of which proved costly indeed through the employment of expensive and often inexperienced legal aid.

Would the waste under such a system have been less? Certainly not; and in fact it would in many cases have been much greater entirely aside from the added productive ability accruing to any line of business by reason of the confidence and assurance of stability inspired by adequate insurance protection against the misfortunes of chance.

If we were to liken the old system of negligence law to an old,

antiquated and worn out engine it might well be said that liability insurance is the lubricant or means adopted to make the old thing run with as little friction as possible.

Would anyone be so foolish as to blame the lubricant for the loss of power, waste, and inefficiency of an old, worn out engine of antiquated design?

Would anyone in the exercise of reasonable common sense think of putting a new and powerful engine at work, no matter how well and skillfully constructed, without a lubricant of tried and proven merit?

There is no more sense, logic, or justice in condemning and maligning liability insurance companies for the economic waste and abuses resulting from the old system of negligence law than to condemn an experienced and efficient crew because the century-old craft which they have served well and faithfully is about to be scuttled as unseaworthy.

It would be no more foolhardy and imprudent to launch a new and powerful craft on an uncharted sea and allow it to be navigated by an inexperienced crew of landlubbers than to enact a workmen's accident compensation law and not invite the liability insurance companies with their experience and forces of trained inspectors and adjusters to assist in making such a law a success through economical and efficient administration and distribution of loss.

A QUESTION OF POLITICS.

From our viewpoint as insurance companies it seems most unfortunate, although it is perhaps only natural, that the "simon-pure politician" has taken command of the forces that have been condemning our obsolete negligence laws, and having suddenly discovered the vast possibilities for political power and graft through the state administration of a workmen's accident compensation law has proceeded to abuse, malign, and misrepresent the business of insurance in order to clear the decks for the operation of their political state insurance schemes.

These simon-pure politicians and would-be saviors of economical waste, have not hesitated at deliberate falsehoods of the most cunning and venomous character.

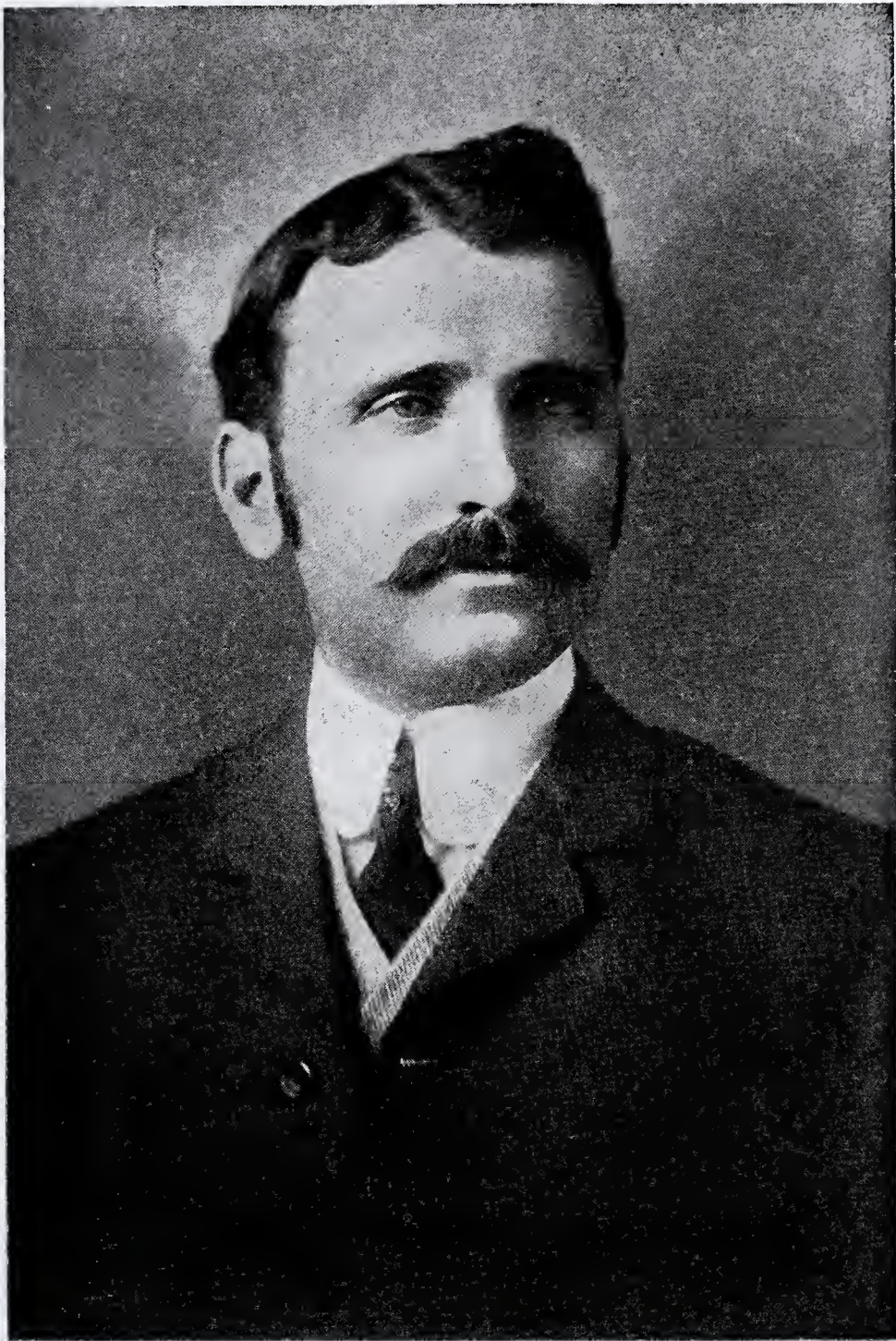
In their efforts to supplant the insurance business by a state political machine their motto has always been "any means to an end."

By rushing to the aid of those honest labor and reform leaders, who have long been urging the enactment of humane accident compensation laws, they have through falsehood and misrepresentation inspired an unfair opposition to the insurance business among many honest and fairminded men.

The state political insurance schemes now in operation in Washington, the "Green Law" recently passed in Ohio, and a similar law in West Virginia, to say nothing of the state machine that has been subsidized in California, and the recent desperate attempt to create a monopolistic state insurance machine in the great State of New York are all conclusive evidence of the evil political forces that are at work under the guise of social and labor reforms.

In the natural evolution of our complex civilization both social and business reforms, or shall we say readjustments, are constantly needed. Should these essential changes and refinements in our social and business ethics be made an excuse for using the power of the state to usurp the business independence of its citizens?

Shall the tax spender and political job chaser be permitted to filch the public treasury in order to subsidize and set up a toll taking machine



A handwritten signature in black ink, appearing to read "J. P. Jones". The signature is stylized with a large, looping initial "J" and a long, horizontal stroke at the end.

CHAIRMAN EXECUTIVE COMMITTEE

ostensibly in the interest of the workingman, but designed primarily to serve the purposes of political patronage?

It should be noted that this socialistic and un-American propaganda is most strongly advocated by the tax spenders and not the tax payers.

Liability insurance companies are being attacked, villified, and lied about more because their existence materially interferes with political plans, and not because the companies have failed to serve the business community faithfully and well, or because they are not fully equipped and competent to administer the workmen's accident compensation benefits in a most efficient and economical manner.

DUFFY'S DEFENSE OF MONOPOLY.

Finding it somewhat difficult to defend the compulsory monopolistic state insurance "Green Law" enacted in Ohio, Mr. T. J. Duffy, Chairman of the Ohio State Liability Board of Awards, suggests the following amusing and ludicrous excuse for the monopolistic state plan, but which offers no incentive for either efficiency or economy.

Mr. Duffy says:

"In most all of the States where the question of Workmen's Compensation has been taken up we have found the representatives of the Insurance Companies advocating the so-called competitive plan of insurance. This plan is supposed to give the employer his choice of four options, namely:

1. Carrying his own risk by furnishing whatever bond or security the law may require.
2. Insuring his risk with any Insurance Company authorized to do business in the State.
3. Uniting with other employers to form a mutual insurance company.
4. Paying into a State Insurance fund such premiums as may be fixed by the Insurance Commissioner for the carrying of his risk.

It is plausibly argued that if opportunity is given to each of these plans competition will demonstrate which of the four is the best plan of insurance.

This plan is about as sensible as it would be to join together four horses in such a manner that any one of the four may get a short distance ahead of the others, and then turn them loose upon the race-track to find out what speed each horse was capable of.

The fastest horse would undoubtedly come under the wire first, but in his efforts to make the greatest speed of which he was capable he would find that he had been compelled to spend a great deal of energy that could have been saved if he had not been hampered by the burdensome competition of the slower horses."

Now, in the first place Mr. Duffy should not have tied his four horses together for that is not the usual manner in which the strength, endurance, and efficiency of horses are tested.

The four distinct and separate plans cited by Mr. Duffy are in no sense tied or joined together as Mr. Duffy proposes to join his four horses, nor is any one of these four options which are now in full and I believe satisfactory operation under the Michigan law, dependent or controlled by any of the other options. In other words, each is a separate and self dependent method competing freely and fairly in an open field with special favor to none.

Furthermore, the testing of efficiency, economy, and security of various business methods in the administration of our industrial and financial

affairs is very far indeed from being a racetrack problem as judged by Mr. Duffy.

Certain it is that the very fabric and strength of our national prosperity is based upon fair and open competition.

It has well been said that "competition is the life of trade," and no one can deny that the compelling force of competition is the one dependable element that can be relied upon in our business life to inspire us all to do our best, and through ever increasing efficiency and economy, obtain equal or superior results to those of our most active competitors.

The most difficult problem before our government to-day is the question of preventing, restraining or regulating monopolies, and it is the universal opinion of every sensible business man, as also of the laboring classes, that all monopoly should be prevented where possible, otherwise restrained or regulated so as to reduce to a minimum the obviously injurious effects upon society resulting from any and all monopoly.

Is it not strange that the citizens of Ohio and several other states that have created or are proposing to create a state insurance monopoly should view with such apparent complacency the creation of a state political machine to stifle competition and to do the very thing which they have repeatedly and insistently declared shall not be done by the individual or private corporation?

COMPANIES BETWEEN "DEVIL AND THE DEEP SEA."

Because of the fact that the casualty insurance companies have found it necessary to establish organizations such as this Association, and also to establish Bureaus for the purpose of compiling dependable experience data as a guide to the safe and economic conduct of their business, they have not infrequently been accused by these so-called political reformers of seeking to maintain an insurance combination or monopoly; and while we are thus maligned for daring to indulge only in such a degree of friendly co-operation as is absolutely essential to the solvency of our companies and the protection of the insuring public, we are at the same moment being warned by the more experienced and conservative State Insurance Departments that further demoralizing and rate cutting practices must cease and that the competition between companies for the patronage of insurance agents and brokers by the payment of high commissions must in future be restricted and regulated in order to better guarantee the ultimate protection of the policy-holder.

It would seem, therefore, that we are almost between the proverbial "*devil and the deep sea*." If we attempt to co-operate among ourselves in the maintenance of adequate rates we are accused of establishing a trust or monopoly, and if we compete too actively and vigorously in open competition we are in danger of such demoralization as may result in the insolvency of some companies and a heavy ultimate loss to the insuring public.

While it is generally conceded that the cost of procuring business should and must be further reduced—and this has been accomplished in states having accident compensation laws—there seems to have been a wide difference of opinion as to whether the end sought could possibly justify such radical means as the limiting by law of the amount of its own money which a private corporation may expend.

Reasonable regulative legislation should be encouraged and directed along proper lines, but any legislation designed to restrict development and competition—to prevent any private corporation, whether engaged in the insurance business or something else, from expending any of its

own funds in its own way so long as its financial obligations are fully protected, should be vigorously opposed.

MORE FALSEHOODS NAILED

Now one of the reasons given by many of those who, for reasons best known to themselves, would like to put all the private insurance companies out of business in order to give the state machines a free monopoly of the field, is that the companies have appropriated to their own use from 70 to 75% of the premiums received while paying out only 25 or 30% for the adjustment of losses.

That these statements are deliberate falsehoods may be easily proven upon inquiry as to the facts from any one of the Insurance Departments with which full and detailed reports of our business are filed; and while our experience on employer's liability as distinguished from other liability lines has not been filed separately, this would be easily obtainable by any Insurance Department on request.

Now the truth is that on straight employers' liability when separated from all other forms—and it is only the employers liability that is related to workmen's accident compensation—the insurance companies are and have been for years maturing a loss ratio between 60 and 70%, all of which has been paid for the direct benefit and protection of the insuring employer.

Every liability underwriter knows that the loss ratio on straight employers liability policies exceeds by at least 15 or 20% the average loss ratio on other liability lines, and exceeds by at least 10% the general average shown on all liability lines, including employers as indicated by published reports.

Every underwriter knows that the companies without exception have all lost heavily on the straight employers portion of their business; and while they have fought hard to obtain adequate rates and to secure better results by a more careful selection of business, the irresistible undertow of public sentiment in favor of claim making and bigger judgments which is now culminating in workmen's accident compensation laws has resulted in their incurring a very heavy loss on this class of business.

Every liability underwriter knows that the loss ratio on straight employers liability policies exceeds by at least 15 or 20% the average and the interest on invested capital that some of the companies still with us would have been justified in giving up the struggle as others have done by seeking reinsurance and retiring gracefully from the field, or applying for the appointment of a receiver.

MORE—TRUTHFUL PUBLICITY NEEDED.

Now, gentlemen, these are facts, but the public generally are unfamiliar with them because we have not taken sufficient trouble to take the public into our confidence, while those socialistically inclined are going about the country calling us thieves and parasites, endeavoring to transfer our business to the tender mercies of the politician under the guise of social reform and state insurance.

The insurance business has absolutely nothing to fear from publicity, so long as we can get the real truth before the public.

Our business is, however, suffering because the public mind is being poisoned by the untruth, fraud and misrepresentation that is being circulated primarily by those who have a personal and political interest in eliminating us from the field, and incidentally by the socialistic reformer who is more interested in the success of socialism over individualism than in the truth of any statements or arguments which he may be able to quote in support of his theories.

While great changes are in process in our social, political and economic life, I have—as I said last year—absolute faith in the

continued supremacy of individualism over socialism in every avenue of our business and industrial life; and furthermore, if we will bestir ourselves and get the real truth about the liability and workmen's accident compensation insurance problems before the thinking public—and this means, both employers and employees, I have absolute faith in the ultimate enactment of such laws as will permit the insurance profession to actively assist and participate in the proper administration and distribution of industrial accident losses.

What we need,—as I have said before,—is publicity and then more publicity of the real facts about our business.

A TIMELY WARNING.

I have previously referred to the fact that the more experienced and conservative State Insurance Departments have on several occasions warned the companies against the danger of insolvency by reason of indiscriminate rate cutting practices, and against too intense competition for the patronage of agents and brokers which leads to the payment of excessive commissions, and I propose now to read a very timely warning given to the companies as late as June 20, 1913 in a letter from William T. Emmet, Superintendent of Insurance, State of New York, in which he says:

“The condition in the liability business has become so serious, that this department intends to hereafter call the various companies to strict account in their conduct of this class of business.

The companies generally have been and now are writing liability business at a premium insufficient to take care of the losses and expenses. This method of doing business means a loss to the companies and its continuance will mean insolvency. The liability policy protects the assured, not only against claims maturing during its life, but also against claims maturing years after the policy expires, on account of accidents occurring during the policy year.

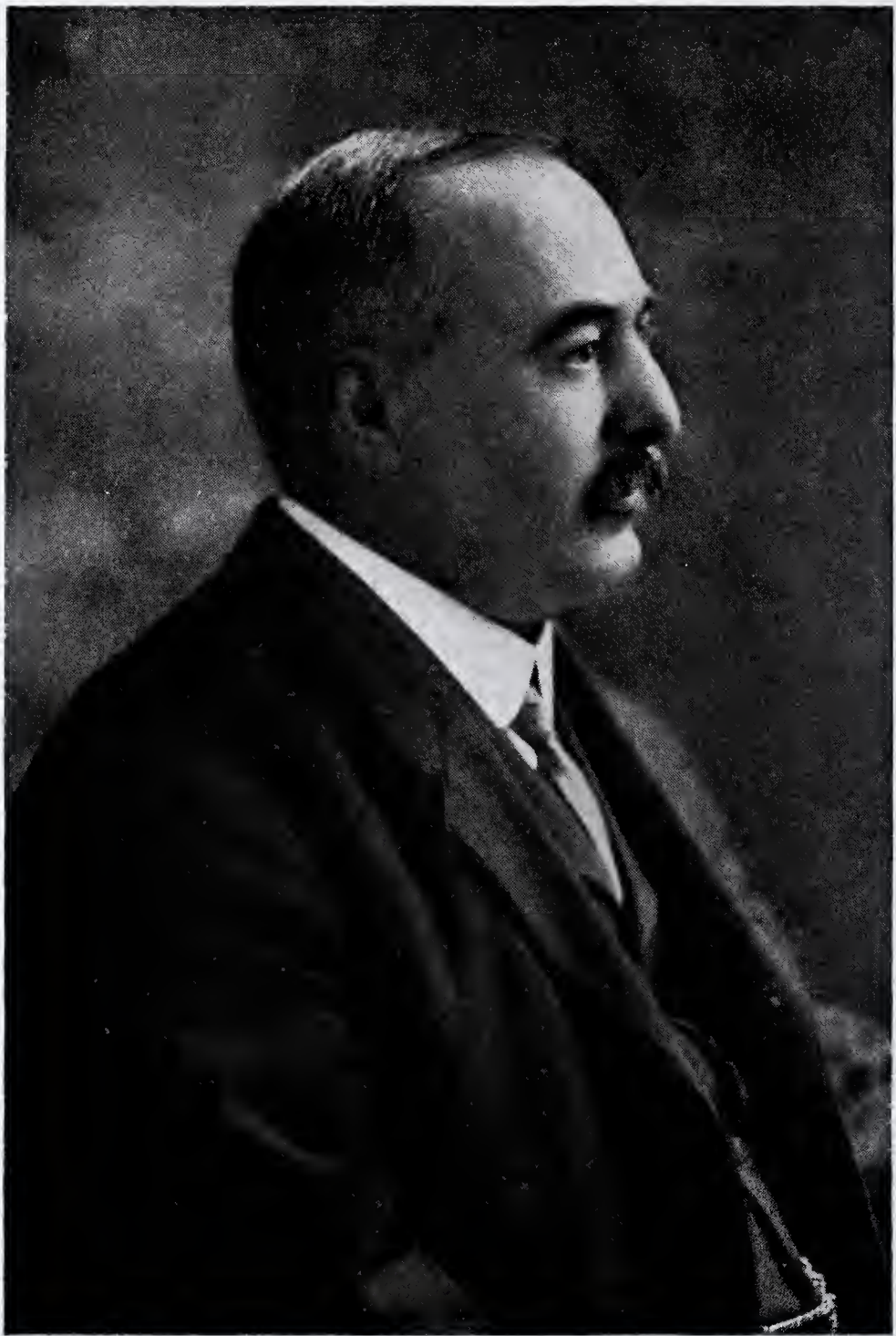
It is of particular importance to the assured that the company which issued the policy shall continue solvent, not only during the life of the policy, but for a number of years thereafter.

A study of the loss reserves of the various companies shows that practically every one of them has set aside an insufficient amount to take care of future losses on its liability business, although the reserve is computed in accordance with the present loss reserve law. The expenses chargeable against this class of business are excessive, and, in view of this situation, it would seem that the aim of the various companies should be to remedy this condition by securing adequate premiums and by reducing expenses to a minimum. But the contrary is the fact. Competition is the basis for the underwriting and the same influence is responsible for the high commission now being paid on this class of business. There can be no justification for a commission in excess of 15% to the brokers, and perhaps a slight increase over that rate to agents, but in no event should the total commissions exceed 20%.

This department will insist upon the companies conducting their liability business upon a sound basis, and in particular as follows:

1. Basing their underwriting upon statistical experience and the physical and moral hazard of each individual risk and free from the influences of competition.
2. Commissions not to exceed the percentage stated above.
3. Administration expenses to be minimized.

If it is found, through examination or otherwise, that any of the authorized companies of other states are transacting their business contrary to the above recommendations, and in such a manner as to jeopardize the interests of their assured, I will not hesitate to use the



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EXECUTIVE COMMITTEE

power vested by law, in the superintendent of insurance, to revoke the certificate of authority of any such company, whenever, in my judgment, such revocation will best promote the interests of the people of this state.

If it is found, through examination or otherwise, that any of the domestic companies are continuing such practices, this department will, through publicity and other means, call the attention of the insuring public to the character of the protection such company is affording.

If it becomes necessary, this department will seek, through legislation, further means for the protection of the insuring public.

It is hoped that the various companies will co-operate with this department in bringing about the reforms needed in the conduct of this business, and which will be beneficial alike to the companies and the insuring public.

Will you kindly give the subject matter of this letter your careful consideration, and inform this department as soon as possible as to your position on this matter?"

I believe Superintendent Emmet is to be commended for this very timely warning of the obvious danger of too low rates and too high commissions, and I feel that Mr. Emmet has placed the companies under particular obligations to his department in serving notice that unless these dangerous practices are stopped he will not hesitate to exercise the full power of his office to correct same, in order to protect the insuring public, and before the Liability Section of this convention adjourns I trust that some one will offer a resolution that may be spread upon our minutes endorsing and commending this timely warning from the Insurance Department of the State of New York.

MERIT SYSTEM OF RATING.

Last year I called your attention to the fact that one of the most important problems we must solve, and that speedily, was the adoption of a logical and scientific basis of rating based upon a merit system that will give employers rates for insurance in proportion to their accident prevention methods.

The development of a rating system based upon a fixed standard of physical and moral hazard with a penalty for all sub-standard and a credit for all super-standard features, will do much toward establishing more friendly relations between insurance companies and the insuring public generally.

I am glad to say that the foundation for such a Merit Rating System has already been established, and we have with us the Secretary of the Special Department of the Workmen's Compensation Service Bureau which has that matter in charge, who will later address you on this very important subject.

TRIED AND NOT FOUND WANTING.

In closing I desire merely to add that casualty insurance has already been tried and has not been found wanting as a proper, safe, and economic means of equalizing and distributing the financial burdens imposed on industry under well framed accident compensation laws.

That casualty insurance has been tried and has not been found wanting either by state officials, employers or by employees is proven by the abundance of testimony obtainable from these various sources in the States of New Jersey, Massachusetts, Illinois, and Michigan.

You will observe from our program that we are to have some first hand verbal testimony as to the operation of the Michigan Workmen's Accident Compensation law, and I feel very sure that you will listen with much interest and profit to the opinions and advice of the gentlemen from Michigan who have kindly consented to talk to us on this most important subject.

**Address of Claude O. Taylor, on "The Administration of Workmen's
Compensation Benefits Under the Michigan Law-Methods and
Procedure. Labor's Viewpoint"**

CHAIRMAN: I now take pleasure in introducing Mr. Claude O. Taylor, President of the Michigan Federation of Labor, to address us. [*Mr. Taylor's address will be found at page 131.*]

MR. FOLSOM: As one who is an advocate of co-operation in establishing workmen's insurance, I am glad to know that Mr. Taylor is on this side of the fence, and that he finds co-operation is the best for this insurance. I am sure the more co-operation there is, the better everybody will be off. In partial acknowledgment of the kind efforts that Mr. Taylor has taken in coming here, and the great expense and distance, I move that a rising vote of thanks be extended to him.

MR. BASFORD: If it is permitted for me to do so, I second the motion.

CHAIRMAN: I know we all appreciate very much the good advice Mr. Taylor has given us.

Motion carried.

**Address of Richard L. Drake, on "The Economic and Essential
Functions of the Insurance Company in the Administration
of a Compensation Law"**

CHAIRMAN: The next in order on the program is number six, address, "The Economic and Essential Functions of the Insurance Company in the Administration of a Workmen's Compensation Law." You have heard the remarks of Mr. Taylor and the very strong endorsement which he gave to the Industrial Accident Board of the State of Michigan. I think under the circumstances we are doubly fortunate in having Mr. Drake with us to explain to us from his viewpoint the process by which that has been made a success. Gentlemen, I take great pleasure in introducing to you Mr. Richard L. Drake, Secretary of the Michigan Industrial Accident Board. [*Mr. Drake's address will be found at page 136.*]

MR. HOLLAND: Mr. Chairman, mere words seem inadequate to express to these gentlemen our appreciation for the sacrifice they have made in traveling so many hundreds of miles and giving to us practically a full week of their busy lives in order to come to Quebec and address us. I feel, sir, that we are deeply indebted to these two visitors for the most instructive and able addresses to which we have listened. I think that the thought must have run through your minds, as it certainly did through mine, that it is very unfortunate that casualty insurance men so seldom have the opportunity of meeting these gentlemen whom some of us have thought are on the other side of the walls, waiting for us with loaded guns to shoot our heads off. We find their views, when we listen to them, as far as workmen's compensation is concerned, are almost entirely in accord with our own. We have found they had no horns growing out of their heads, and I sincerely hope before they leave us, they will come to the conclusion that we have no satanic feeling towards them. I move you, sir, that having already expressed our sincere thanks to Mr. Taylor for his address, we offer a no less hearty rising vote of thanks to Mr. Drake for his most instructive words.

MR. STEELE: It gives me much pleasure on behalf of Baltimore, the father and conservator of all casualty and surety insurance, to second the motion of New York, its offspring, so justly offered by its adopted and beloved son.

CHAIRMAN: Your Chairman, before putting the motion, would like to add the hearty endorsement of Hartford, in appreciation of the attendance of these gentlemen from such a long distance, and the splendid talks they have given us. Will you indicate, gentlemen, by a rising vote your hearty appreciation?

All arose.

Address of Carl M. Hansen, on "Merit Ratings of Liability and Workmen's Compensation Risks"

CHAIRMAN: The Chair would like to say, before introducing the next speaker, that if there is one accomplishment that the liability section feels that it is entitled to take credit for, and is somewhat proud of, it is the pioneer work it has done in promulgating the theory of the merit system of rating.

It gives me great pleasure in introducing to you, Mr. Carl M. Hansen, Secretary of the Inspection and Merit Rating Department of the Workmen's Compensation Service Bureau. [*Mr. Hansen's address will be found at page 145.*]

MR. HEDDEN: I represent a company which does not write liability insurance; in fact, the principal business is property insurance. I wish to say that the arguments which have been advanced by Mr. Hansen have reached the mark in regard to our company. In fact, the Plate Glass Service and Information Bureau has already appointed a committee to take up the question of merit rating in regard to construction. I have been very much interested in Mr. Hansen's paper, because I find a number of points mentioned in the latter part of his address which would apply very strongly to the line of insurance written by our company. I take much pleasure in moving that a rising vote of thanks be extended to Mr. Hansen for the able paper with which he has favored us.

MR. AHEARN: I second the motion.

MR. PIXLEY: I rise to second that motion.

CHAIRMAN: You have heard the motion of Mr. Hedden, seconded by Mr. Ahearn and Mr. Pixley. I simply want to add a word of appreciation for the time and thought which Mr. Hansen has put upon this subject, and for coming here at a time when they are extremely busy establishing the new Bureau. I am sure that notwithstanding his familiarity with the subject, he has had to burn the candle at both ends in order to favor us with this very interesting and appropriate address, one which I am sure marks an epoch in the method of transacting and writing liability insurance. Gentlemen, will you rise as a mark of appreciation of Mr. Hansen's address.

All arose.

Report of Standing Committee

CHAIRMAN: Before proceeding to the next order of business, you have before you the report of the Standing Committee, read at the beginning of the session, and which has not yet been acted upon.

MR. McDOWELL: I move the adoption and acceptance of the report of the Standing Committee.

Seconded and carried.

Subjects for Discussion

CHAIRMAN: The next order of business is subjects for discussion. The Secretary will kindly read what we have on that subject.

SECRETARY: Mr. F. W. Lawson, General Manager of the London Guarantee & Accident Company, Limited, has suggested the following subject for discussion:

1. The desirability of Liability Insurance Companies supporting merit rating bills for Workmen's Compensation Insurance.

CHAIRMAN: Gentlemen, you have heard the first subject proposed by Mr. Lawson. Unfortunately, Mr. Lawson does not happen to be in attendance at the convention. Is there any gentleman present who would like to discuss the subject, or make any remarks on it? It is pretty late in the day, and since Mr. Lawson is not here, I think we had better pass to the next subject. I think the subject has been very well covered in the addresses.

SECRETARY: Mr. W. L. Taylor, President of the Missouri Fidelity & Casualty Company, has submitted the following subject for discussion:

2. Inspection for prevention of accidents.

MR. W. L. TAYLOR: I think that subject has been well covered in all the papers read. I might say that I feel very much gratified and well paid for coming twenty-five hundred miles to hear these able papers. I think the Chairman will bear me out in the statement that I have advocated merit rating and individual inspection of risks for the last three or four years.

SECRETARY: Mr. W. L. Taylor likewise suggests the following question for discussion:

3. Should not the States be encouraged in the employment of competent engineers, instead of politicians, for factory and mine inspection, such inspectors making recommendations that would reduce the number of accidents to industrial workers.

MR. W. L. TAYLOR: I think that subject also has been covered. However, I made a little inspection in Jefferson City, Missouri, some time ago in reference to our State Factory Inspection Law. We have an appropriation in that state of about \$24,000 to run the Factory Inspection Department for two years, covering mines and factories and all industrial plants. That same legislature appropriated \$150,000 to breed chickens. I found in Nebraska and in Kansas, before we had the compensation law, that they had a very drastic factory act, with which all liability companies are familiar. The political inspectors would go over the factory and give the man a clean bill; our inspector would come along and find a lot of defects. The insured would say, "the Factory Inspector has been here and he could not find anything wrong; it will cost me money to carry out your recommendations." We have to take a chance or cancel the policy. Then if they had an accident, we had absolutely no defence, under the recent decision of the Supreme Court, where they operated machinery that was in violation of the Factory Act. I believe, along with other legislative matters, we should encourage the state legislatures to pass laws to put competent men in the State Factory Inspection Department, and appropriate money that would be sufficient to hire competent men. Now, in the mining district we have always a lot of politicians circulating petitions to appoint this man and that man as mining inspectors. Some of them are incompetent, and know nothing about it, but they go out and hustle, when some one better qualified is entitled to it. I believe the insurance companies should encourage the states to co-operate with them in this matter. I think we should have intelligent men whom we can work and co-operate with, and make it compulsory upon the manufacturers to carry out the recommendations made by these inspectors. I think the work should be taken out of the hands of politicians and put in charge of competent men.

CHAIRMAN: Gentlemen, you have heard Mr. Taylor's remarks. He has touched upon a very interesting subject, one which I assume is perhaps a little difficult for insurance companies to deal with from a practical standpoint, — the matter of influencing legislation. We obviously would all favor, I believe, the divorcing of the Factory Inspection Departments, so far as employees are concerned, from politics as much as possible. I would like to hear any remarks any of the delegates would like to make on that subject.

MR. HANSEN: Mr. Chairman, it cannot be done. I have had the privilege of attending the conventions of the International Association of State Factory Inspectors for the last four or five years. I was just told by our friend Mr. Drake, that after the 1st of July every State Factory Inspector in the State of Michigan was given his walking papers and new ones were put in. As long as we are governed by politicians, as long as we have political parties in this country, that is going to be the rule. I believe we should rather concentrate our efforts upon the performance of the inspection departments of the individual companies, and the inspection department which we are going to maintain in the merit rating bureau, a rating concern that is most efficient. That has been shown in steam boiler inspection. Although a great many states have a State Steam Boiler Inspection Department, it has not lessened the requests for inspections by the steam boiler inspectors of insurance companies. I think we should leave as much as possible the State Factory Inspection Departments to work out their own salvation, and for us to confine our efforts to our own departments. That is merely my opinion in the matter.

MR. BASFORD: I agree very much with our last friend who spoke from personal observation. The position of mine inspector of my state is quite an important one. He has been appointed by the manager of the Home State Mining Company, with the consent of the Governor, until this year. This year the Governor did not consent. I don't know why. It is an appointive office, and to reach the appointing power you have got to do so with the vote. I do not think you will reach him in any other way.

MR. LIEBER: It occurred to me in the course of the discussion that Mr. Taylor's address this afternoon may have opened up the solution of the way in which you can get the departments to be governed less by politics. Why would it not be possible for the companies in the course of their work on accident prevention to do something in the way of giving definite data and ideas to the men who represent the workmen, and who, at the same time, are directly interested in the state departments, as they are the men who elect the officials who appoint the inspectors.

CHAIRMAN: Are there any more subjects for discussion? The Chair would like to entertain a resolution, if there is one to be offered, commending the action of the New York State Insurance Department in addressing a letter to the companies as a warning against rate cutting.

Resolution Appreciative of Action of Superintendent Emmet as to Liability Insurance Business

MR. HOLLAND: I have prepared a resolution as follows: "Resolved, That the members of the Liability Section of the International Association of Casualty & Surety Underwriters, wish to express their appreciation of the action of the Hon. William T. Emmet, Insurance Superintendent of New York State, in drawing attention to the present condition of the liability insurance business, and pledge themselves to support him in his attempt to improve that condition." I move the adoption of that resolution, Mr. Chairman.

Seconded and carried.

MR. BASFORD: If you will bear with me for less than a minute. I speak from the standpoint of an old man. I have studied social conditions very closely. At times I feel concerned. I am not an anarchist nor a socialist, but I have been concerned in the controversy between employer and employee, labor and capital in our country, and I have been wondering whether a revolution would be necessary in order to bring about greater equities, but I see at work forces that will bring us to a solution of those great questions without a revolution, in the advancement of the civilization with which we have been characterized in the preservation of the individual liberty under the law.

CHAIRMAN: I think the gentlemen will all agree with me that we are very much indebted to the Honorable Insurance Commissioner from South Dakota for his very interesting remarks. If there are no further subjects for discussion, the next in order will be the report of the Nominating Committee.

Report of Nominating Committee

MR. HOLLAND: On behalf of the Nominating Committee, I beg to report the following nominations:

Vice-President, Theodore E. Gaty, Secretary The Fidelity & Casualty Company, New York.

STANDING COMMITTEE

John T. Stone, President Maryland Casualty Co., Baltimore, Md.
Corwin McDowell, President New England Casualty Co., Boston, Mass.

W. J. Gardner, Assistant General Manager Ocean Accident & Guarantee Corporation, Limited, New York.

W. H. Harris, Vice-President Fidelity & Deposit Co., Baltimore, Md.

CHAIRMAN: Gentlemen, you have heard the report of the Nominating Committee. What is your pleasure?

On motion, duly seconded, the report was accepted.

Report of Committee on Co-operation with the National Association of Manufacturers

CHAIRMAN: I have before me the report of the special committee appointed last year to meet and confer with a committee from the National Manufacturers Association. Mr. Gaty was Chairman of that Committee, which performed its duty, and which makes a small report, which the Secretary will read.

SECRETARY: The report reads as follows: [*The report of the Committee on Co-operation with the National Association of Manufacturers will be found at page 172.*]

MR. STEELE: I move that the report be accepted and the committee discharged.

Seconded and carried.

CHAIRMAN: Is there any new business?

Sending Copy of Superintendent Emmet's Letter and Copy of Resolution to all Insurance Commissioners

MR. HIGGINS: May I speak one word concerning the letter of Mr. Emmett and the resolution offered by Mr. Holland? I am wondering if it would not be wise for the Secretary to send a copy of Mr. Emmet's letter, together with a copy of the resolution, to each Insurance Commissioner in the United States? I do not offer it as a resolution at this time, but I am wondering whether it is a wise move.



A. Duncan Reid

EXECUTIVE COMMITTEE

PRESIDENT: You have heard the suggestion of Mr. Higgins? Are there any comments upon it?

MR. BASFORD: I do not know the nature of the resolution to which reference was made. If it is anything upon which you expect the Commissioners of Insurance to take any concerted action, it should be sent immediately, as they will meet in annual convention at Burlington, Vermont, on the 1st of August.

CHAIRMAN: A communication will reach them at that point?

MR. BASFORD: If you would immediately mail it to their respective addresses, they would have the subject matter in mind when they attend the annual convention and it might come up for some discussion.

MR. STEELE: I move that the matter be referred to the Executive Committee.

The motion was seconded.

CHAIRMAN: The motion is, that the question of the advisability of sending a copy of the resolution, together with a copy of the letter, to all Insurance Commissioners, be referred to the Executive Committee with authority.

The motion was carried.

Vote of Thanks to Chairman Rowe

MR. HOLLAND: Mr. Chairman, in view of the fact that you have refused to accept a nomination for Vice-President, owing to your generosity that some other gentleman should have the chance of filling that position, I think it is only fitting that we should extend to you a word of appreciation for the able manner in which you have conducted this section during the past year. I therefore beg to move a rising vote of thanks to Vice-President Rowe for the manner in which he has conducted the Liability Section of our Association during the past twelve months.

Seconded and carried.

On motion, duly seconded, the meeting adjourned.

PLATE GLASS SECTIONAL MEETING

Meeting Room, Palais de Justice, Cour du Banc du Roi,

Wednesday Evening, July 9, 1913

The meeting of the Plate Glass Section was held in the Palais de Justice on Wednesday evening, July 9th, 1913, Mr. H. D. Clarke, of the Massachusetts Bonding & Insurance Company, Boston, Mass., presiding.

Report of Standing Committee

The following Report of the Standing Committee was read by the Secretary:

The Plate Glass Insurance Section of the International Association is one of the least active of the sections, because the organization of the companies engaged in plate glass insurance is such as to care for many of the details that would otherwise be brought up for discussion here.

All the principal companies are members of the Plate Glass Service and Information Bureau, which has jurisdiction in nearly all the states where fixed rates are not contrary to law.

Local boards have been formed in most of the large cities including New York City which is under the jurisdiction of the Plate Glass Underwriters Association.

The New York Association and the Bureau have both been visited by the New York State Insurance Department, with the result that the report of the department criticises the operations of both quite severely, mainly for what the department deems to be the absence of scientific underwriting and the failure of the companies to base rates upon actual costs properly loaded for expenses.

While the criticisms of the department may not be wholly merited, it is to be hoped that whatever of good there may be in the suggestions made will be used as a guide for the future, and that the companies will continue the work on which they are already engaged and establish fair and equitable rates by a reasonable costing system.

There is more co-operation than ever before, and the statistical bureau supported by the companies is gradually gathering information which will be of great value in carrying out the suggestions of the department.

The condition of the business shows a steady increase as a whole and notwithstanding the many new companies that have undertaken plate glass insurance within the past two years, the four large plate glass insurers have suffered no appreciable loss.

There was an actual increase of nearly \$350,000 in 1912 over 1911, and this increase is generally distributed among all the companies new and old. Some of the companies report a reduced business, but there is no indication that this is due to any particular activity on the part of the new companies. The natural and normal increase in the business continues and this seems to provide a sufficient amount to keep the balance among the older companies practically intact.

The figures that I have used are taken from the Spectator Chart which reports thirty-three companies doing plate glass insurance. There are some small local companies and mutuels which are not reported.

Address of H. C. Hedden, on "Changing Conditions of Plate Glass Underwriting"

An address "Changing Conditions of Plate Glass Underwriting," was then made by Mr. H. C. Hedden, Secretary New Jersey Fidelity & Plate Glass Insurance Company. [*Mr. Hedden's address will be found at page 152.*]

On motion of Mr. Stone, duly seconded, a rising vote of thanks was tendered to Mr. Hedden for his paper.

Appointment of Nominating Committee

The Chairman at this point appointed the following Nominating Committee:

John T. Stone, President Maryland Casualty Co.

H. C. Hedden, Secretary New Jersey Fidelity & Plate Glass Insurance Co.

C. H. Holland, Vice-President and General Manager Royal Indemnity Co.

Address of E. B. Anderson on "Plate Glass Insurance As It Is—As It Might Be"

Mr. E. B. Anderson, Superintendent Plate Glass Department, Royal Indemnity Company, made the following address: [*The address of Mr. Anderson will be found at page 155.*]

On motion of Mr. Brainerd, duly seconded, a rising vote of thanks was tendered to Mr. Anderson for his paper.

Report of Nominating Committee

The Nominating Committee reported as follows:

Vice-President, William F. Moore, President New Amsterdam Casualty Co.

STANDING COMMITTEE

H. D. Clarke, Superintendent Plate Glass Department Massachusetts Bonding & Insurance Co.

E. B. Anderson, Superintendent Plate Glass Department Royal Indemnity Co.

Nelson D. Sterling, Superintendent Plate Glass Department Fidelity & Casualty Co.

Carroll Tubman, Manager Plate Glass Department Maryland Casualty Co.

On motion of Mr. Griffith, seconded, the report was accepted.

Standard Plate Glass Insurance Policy

Chairman Clarke suggested the advisability of the adoption of a standard plate glass insurance policy.

Mr. Hedden called attention to the fact that some of the companies had removed the inundation clause from their policies. He doubted the wisdom of such a move.

Mr. Holland then moved that a Committee of Three be appointed by the Chair to take under advisement the desirability of arranging for a standard clause policy and to report to the Standing Committee.

Mr. Griffith seconded the motion.

The motion was carried.

Appointment of Committee to Arrange for Standard Policy

Chairman Clarke appointed the following committee to consider the matter:

C. H. Holland,
H. C. Hedden,
N. D. Sterling.

There being no further business, the meeting adjourned.

BURGLARY SECTIONAL MEETING

Meeting Room, Palais de Justice, Cour du Banc du Roi,

Wednesday Evening, July 9, 1913

The Burglary Sectional Meeting was called to order by the Chairman, Victor E. H. Hoagland.

F. Robertson Jones was Secretary of the Meeting.

Appointment of Nominating Committee

CHAIRMAN: The first order of business is the appointment of a Nominating Committee, and I appoint on that committee:

Charles H. Hall, of the Employers' Liability Assurance Corporation, Limited, London, England, United States Branch.

Corwin McDowell, of the New England Casualty Co.

E. B. Anderson, of the Royal Indemnity Co.

Report of Standing Committee

CHAIRMAN: The next order of business is the report of the Standing Committee, which I will read:

At the convention held in August, 1912, your Committee recommended that members of this Association who were not subscribers to the Burglary Insurance Underwriters Association consider the advisability of subscribing. It is with considerable regret that your Committee is compelled to report that no company has given this matter favorable consideration.

While nearly every company who is not a subscriber is co-operating with the Bureau in rates, their loss notices are not furnished to the Bureau and they do not get the Bureau files. This exchange of loss notices has reduced the loss cost of Bureau Companies, and it would certainly be advantageous for all companies to become subscribers to the Bureau.

Address of Rawdon W. Myers, on "Co-operation"

CHAIRMAN: In place of the address of the Vice-President as printed in the official program we shall now listen to an address on "Co-operation," by Rawdon W. Myers, Assistant Secretary, Ætna Accident & Liability Company, Hartford, Conn. [*Mr. Myers' address will be found at page 157.*]

MR. McDOWELL: Mr. Chairman, I move that a vote of thanks be extended to Mr. Myers for the interesting paper he has just submitted.
Motion seconded and carried.

Subjects for Discussion

CHAIRMAN: The next item on the program is number six, Subjects for Discussion.

SECRETARY: There have been no subjects for discussion submitted.

Report of Nominating Committee

CHAIRMAN: The next item is the report of the nominating Committee.

MR. HALL: Mr. Chairman, the Nominating Committee report the following:

Vice-President William B. Joyce, President National Surety Co.

STANDING COMMITTEE

Edward W. DeLeon, President Casualty Company of America.

C. H. Hall, Superintendent Burglary Department The Employers' Liability Assurance Corporation, Ltd.

Victor E. H. Hoagland, Vice-President New Jersey Fidelity & Plate Glass Insurance Company.

W. P. Learned, Superintendent Burglary Department, The Fidelity & Casualty Company of New York.

MR. HALL: I move that the report of the Nominating Committee be accepted, and that it be transmitted to the General Session for ratification.

Motion seconded and carried.

CHAIRMAN: There being no further business before this section, the meeting is now *adjourned*.

STEAM BOILER AND FLY-WHEEL SECTIONAL MEETING

Meeting Room, Palais de Justice, Cour du Banc du Roi,

Wednesday Evening, 8 o'clock.

July 9, 1913

The Steam Boiler and Fly-Wheel Sectional Meeting was called to order by the Chairman, Lyman B. Brainerd.

F. Robertson Jones was Secretary of the meeting.

Appointment of Nominating Committee

The Chair appointed the following Nominating Committee:

W. H. Boehm, Fidelity & Casaulty Co.

W. L. Taylor, Missouri Fidelity & Casualty Co.

J. W. Rausch, Maryland Casualty Co.

Address of William H. Boehm, on "Factors of Safety in Engineering and Insurance"

William H. Boehm, Superintendent Steam Boiler and Fly-Wheel Department, The Fidelity and Casualty Company of New York, read an address, "Factors of Safety in Engineering and Insurance." [*Mr. Boehm's address will be found at page 160.*]

MR. HALL: I move that a rising vote of thanks be extended to Mr. Boehm for his interesting paper.

Motion seconded and carried.

Report of Nominating Committee

The Nominating Committee reported as follows:

Vice-President, Lyman B. Brainerd, President Hartford Steam Boiler Inspection and Insurance Company.

STANDING COMMITTEE

Robert J. Hillas, President The Fidelity & Casualty Company of New York.

Charles H. Holland, Vice-President and General Manager Royal Indemnity Company.

Edson S. Lott, President United States Casualty Co.

A. Duncan Reid, Manager Globe Indemnity Co.

It was moved and seconded that the report of the Nominating Committee be accepted and that it be transmitted to the General Convention.

Motion carried.

The meeting thereupon adjourned.



J. H. Talvey

EXECUTIVE COMMITTEE

**Address of Welcome, by Alderman J. A. Collier
On Behalf of His Worship Napoleon Drouin, Mayor of Quebec**

Mr. President, Officers and Members of the International Association of Casualty and Surety Underwriters, and Ladies and Gentlemen:

The Mayor of Quebec being unable to be present here this morning, owing to pressure of official business, has requested me to offer to you in his place a cordial welcome to the City of Quebec. It is always a pleasant duty to meet distinguished visitors to Quebec, especially when they are an organized body of business men, and also especially when their gathering here is graced by the presence of so many ladies, who add so much refinement and distinction to social and public life.

I thank you all for the honor conferred upon our good old city in selecting it to be the seat of this most important gathering.

We take special pride in the fact that Quebec is becoming more and more a favorite resort for tourists and for the holding of Congresses and Conventions of all kinds, which throw lustre upon our city and add to the good reputation which it has won for us as one of the most interesting centres of the new world.

The Mayor and City Councils are most happy to grant you the freedom of the city. When your labors are through, and you take your departure from Quebec I sincerely hope that you will carry away a pleasant remembrance of your sojourn in our midst and be inclined to return soon again.

**Response to the Address of Welcome on Behalf of the Association
by Charles H. Holland, Vice-President and General Manager
Royal Indemnity Company**

Alderman Collier, on behalf, sir, of every member of the International Association of Casualty and Surety Underwriters, I wish to express our very deep appreciation of your kindly words of welcome spoken on behalf of His Worship, the Mayor.

Perhaps I should explain that this International Association is a body which was produced by an amalgamation of three other bodies, the Liability Insurance Association, the International Association of Accident Underwriters, and the Board of Casualty and Surety Underwriters. One of those institutions had been in existence for considerably more than twenty years; the other two were of younger date. Some three years ago it was decided that the three bodies should be amalgamated, in order that we might take full advantage of the fact that union is strength. But during all the years that we have held conventions in each of those organizations, I can truly say we have never received a more hospitable welcome, and we have never had the privilege of visiting a more historic and interesting spot than during this year, 1913.

I think, sir, that most of us know too little of your beautiful city. We are all aware, of course, that it is an ancient city, one of the oldest, if not the oldest, on this great continent. But, I wonder how many of us realize that its foundation dates away back in the dim and distant past, to the year 1608, when the first settler took up his abode upon this site? How many of us realize, I wonder, that this year happens to be the one hundred and fiftieth anniversary of the cession of Quebec to the English? I think it is a very happy feature that that cession to the English has left no bitterness behind it, but that it provides a wonderful example of the mingling of two races, each carrying forward their own characteristics, but each loyal to the common government which they all love.

There has been no phenomenal rapid growth of this city such as we have become accustomed to during the last few years in the western portion of Canada. I think it is a fact that after this city had been established for twelve years, the population had reached a total of sixty souls, but although the population was slow in growth, the growth was on a sure and stable basis, and we see as the result to-day this magnificent city, full of interest, full of history, stable and built on a foundation of rock.

In thinking of Quebec, I always have a tinge of sympathy for one man. In 1535, I think, Jacques Cartier, the discoverer and explorer of the almighty river, St. Lawrence, missed the opportunity of his lifetime in not founding the City of Quebec, leaving that for some seventy years afterwards to his successor, Champlain.

Now, sir, most of us are from the United States of America. This Association has among its membership many Canadian Companies, but the majority come from the South. I think we, from the United States, should endeavor to realize that we owe something to Quebec.

I am going to read just a few words from the book, "Quebec under two flags," which I presume is a classic upon the subject. In speaking of Quebec, in the course of his travels, the author says:

"From its institutions, scarcely altered by the flight of three centuries, men went forth to rescue for civilization an untamed wilderness and paved the way for the great Republic of the United States."

I understand, sir, that there is a peculiar monument in this city, which I much hope to see during the course of the next day or two. It is, I am told, unique on this continent. It is unique because it is a monument that was erected to the victor and to the vanquished. I refer to the monument to Wolfe and Montcalm, which I believe stands in the Governor's garden.

I think, sir, that during this convention we are bound to have opinions expressed differing greatly one from the other. We shall find among this representative body of insurance men those whose opinions can hardly be expected to coincide upon all matters. It may be that during our deliberations we shall illustrate to ourselves, more than we think, that plain granite column erected to the victor and to the vanquished. It may be that as a result of thinking of that monument those whose opinions may prevail in this convention may with all modesty clasp the hands of those whose opinions are voted down, and together as a united body we will decide that we will get the very best results possible in whatever might be decided upon.

Again, I thank you, sir, for your kindness in coming here. I hope that you will express to His Worship, the Mayor, our great appreciation of his courtesy and of the welcome he has sent to us. I venture to express to you on behalf of this Association and to the great City of Quebec many more years of happiness and prosperity.

Address of the President

We are privileged to hold this convention in what is probably the most historic city on the American continent. As, during the next few days, we wander through its battlefields, as we gaze upon its monuments to those who have lived and died for Quebec, we shall surely gather fresh inspiration for our own battles — the battles of peace, the campaign of business; and we may perchance remember that this city has attained its success, its prosperity, its dignity, only after bravely enduring many vicissitudes and oftentimes fighting for its existence against great odds.

In these unique surroundings the spirit of retrospection is inevitable, and may well lead us to direct our thoughts for a few moments to the results achieved by this association during the past twelve months.

A careful review shows it to have been a year of progress in casualty and surety association matters. Reports from the several Bureaus and Associations which deal with the various and diverse classes of business included within the scope of the words "Casualty and Surety Insurance" indicate progressive thought and progressive co-operation in the respective memberships. There appears to have been a general desire to strive for the greatest good of the greatest number, to play a constructive rather than a destructive part, to assure to the countless thousands of policyholders a stable — rather than a speculative — market for insurance protection. And we may with truth claim that this healthy, wholesome sentiment is due in some measure to the influence of this International Association.

The problems we have faced during the last twelve months have been numerous and often vital. The several state legislatures that were in session during the winter contributed to those problems by the passage of several hundreds of laws directly or indirectly affecting insurance companies; and the mere labor entailed in searching out and becoming acquainted with this mass of legislation would have been overwhelming but for the splendid work accomplished by our two Publicity Bureaus, under the very efficient management of Mr. William BroSmith and Mr. F. Robertson Jones, respectively.

Probably the most important and far-reaching legislation with which most of us have been concerned is that dealing with the subject of the compensation of workmen for industrial accidents. We have been and still are actively engaged in wrestling with this grave social problem, and in earnestly endeavoring to shed light upon the darkness which seems to surround it in so many sections of this great country; and I may perhaps be pardoned for making more than a mere passing reference to one particular aspect of this subject which, I think, demands instant and constant consideration at our hands.

The number of those who understand anything at all of the many details necessarily involved in any equitable scheme of workmen's compensation is exceedingly small. The very thought of workmen's compensation is new to the United States. There has been no opportunity for the great mass of the population, whether employers or employees, to study the matter from any practical point of view. The executive officials of the liability insurance companies are among the very few who have studied the question, who have foreseen some of the effects of the social changes which it involves, and who have collated statistics, analyzed the methods and experiences of those foreign countries which



James P. [unclear]

EXECUTIVE COMMITTEE

have had in operation various plans for providing workmen's compensation, and who have prepared data which can be of real service to those who must bear the final responsibility for such laws as may be passed.

And the point to which I wish to draw your thoughts is, that it is surely our bounden duty to make known to others our own knowledge on this most important subject. Our information has, truly, been at the disposal of the members of one or two legislative commissions; but have we sufficiently realized that the employers and employees of the country are vitally concerned, and are anxious and entitled to know what is involved in this great economic movement? And to whom can they turn for information but to the liability insurance companies — to the members of this International Association?

It appears to me that as citizens of a great empire, or as citizens of the wonderful aggregation of commonwealths known as the United States, we dare not refrain from devoting our energies to an educational movement of nation-wide character and scope; so that all sections of the public may at least have an opportunity of gathering from the best informed quarters such authentic information as will facilitate the formation of a well-defined public opinion on this matter. Thus, and thus only, can we hope to eventually reach the minds of the legislators who will enact these laws, and who would doubtless welcome the guidance to be derived from the expression of a well-considered desire of the voters.

Neither one company nor a few companies can hope to successfully carry out any educational plan which aims to reach the thoughts of the many millions of people constituting the American public; but it is undoubted that the concerted efforts of all our members, guided by a carefully selected committee, could attain that most necessary result. All that is needed is the really active and enthusiastic support of each separate unit.

I have already referred to the expanding spirit of co-operation evidenced in casualty and surety insurance circles; is it expecting too much to ask for the co-operation in this matter of even those companies which do not directly undertake liability insurance? If co-operation means anything at all to our members, it must mean that each company will regard as *its* campaign any campaign conducted by the association on behalf of any one or any section of its members; it must mean that the company which devotes all its underwriting activities to personal accident or to glass insurance will whole-heartedly enter with the liability insurance companies into the educational campaign which should be conducted throughout the coming fall and winter.

And it is not enough that we should co-operate one with the other; we are called upon to co-operate with and secure the co-operation of the employees, who will receive the compensation, and the employers, who will first bear the cost of the compensation.

On the main principles, there is no difference of opinion between the employees, the employers and the liability insurance companies; all admit the justice of the demand for some relief from the inequitable, unscientific and old-fashioned system of employers' liability which has been in operation hitherto; all wish to see fair compensation for industrial accidents provided under a wise, workable scheme; all would welcome such a law as would amply protect the rights of the employees while properly conserving the rights of employers. And we members of this association are better equipped to suggest, advise and assist in the development of a satisfactory plan, than is any other body of men in the country.

As insurance companies, we are bearing the brunt of an attack which should, instead, be directed at the old archaic system of common law damages for industrial injuries; that attack is directed at us through ignorance of the facts. It is, we believe, an unjust attack, based upon unfounded charges. But what are we doing collectively to lead public

opinion towards a just, calm and dispassionate verdict in the matter? The recent agitation in one or two states for some form of state fund from which compensation may be provided, is born only of lack of knowledge as to the needs and best interests of those most directly affected — workmen and employers. Shall we not serve their interests and our own by unreservedly co-operating with them for the elimination of unbalanced schemes and the attainment of just and practicable legislation?

I earnestly express the hope that this important subject may receive your serious consideration during the convention, and that your consideration may lead to the adoption of a plan for united, practical and successful educational work. As a first step towards the completion of such a plan I would urge upon you the desirability of harmonizing and unifying the operations of the Bureau of Publicity and the Workmen's Compensation Publicity Bureau, in so far as those two excellent organizations are concerned with the general subject of workmen's compensation. We have been dividing our strength rather than making the best use — in the interests of the public and ourselves — of our entire resources.

Looking now for a moment to the future, we must realize that, as representatives of a very large majority of all the companies engaged in casualty and surety business in the United States and Canada, we carry a peculiar and heavy responsibility. I deem it to be the duty of this association to encourage the development of such a practical spirit of brotherhood as will ensure the very best practices, the highest efficiency in the work of individual companies, and the greatest economy in our operations; so that it may be proved beyond the suspicion of a doubt that co-operation of insurance companies is to the interest of the policyholders as well as of the companies, and is indeed imperative if our patrons are to enjoy that real and lasting security which should be concomitant with the very word "Insurance." And as a means of encouraging this spirit of brotherhood, I venture to suggest the desirability of enabling each bureau or association throughout the country to become affiliated to this International Association. In our dealings with each other we maintain separate and important bureaus for each of the many classes of insurance we transact. Those bureaus, however, have no correlation one to the other, and officially have no cognizance of each other's existence. May it not be possible that this main or central association may be the medium by which those many bureaus can find and maintain some common point of interest, so that the troubles of one may at all times be lightened by the many, and the efforts of all may be harmonized in one unrelenting endeavor to well and faithfully serve the public. Can we not, in other words, introduce more of the human element of sympathy into our mutual relations, whether the immediate subject is connected with liability or burglary or plate glass or any other section of our general insurance operations.

I would take this opportunity of drawing your attention to the proposed "World's Insurance Congress," to be held in connection with the Panama Pacific International Exposition at San Francisco in 1915. It is expected that this Congress will be attended by representatives of nearly every country in which insurance is transacted; it will doubtless be the most comprehensive and instructive convention ever held in the interests of our business; its effect should be far-reaching, and its value incalculable. Our International Association has been asked, and will doubtless agree to co-operate in ensuring the success of the Congress; and I pass to you, individually, an earnest invitation to do your utmost to support the movement, both by your own presence and by your active work on its behalf.

The future of casualty and surety insurance on this continent is in our keeping; let us take courage and go forward with the clear conscience that comes with the knowledge that we are striving to do our part well, and with an optimistic confidence in the final justice and intelligence of the American people.

**Address of Hon. George Sutherland, United States Senator
from Utah, on "The Economic Value and Social Justice
of a Compulsory and Exclusive Workmen's
Compensation Law"**

Mr. President, Gentlemen of the Convention, and Ladies and Gentlemen:

I desire first of all to express my sincere appreciation for the honor which has been done me in inviting me to address this splendid convention. I listened with great interest to the proceedings yesterday, and especially to the very admirable address of your President. One thing that he said struck me particularly, and that was, his reference to the vast number of laws that are being passed from time to time in the United States, and in addition to that the vast number of laws that are being proposed, which cause, sometimes, almost as much trouble, and that never succeed in getting through the legislature. We have forty-eight states in the United States. So that there are forty-eight legislatures at work a good deal of the time, and in addition to that, one very large legislative body which is engaged in working over time. The result is that such a multiplicity of laws are being proposed, and such a multiplicity of laws are being passed, that the business man is kept constantly on the alert to keep from being run over. I think one of the curses, not only in our own country, but in many of the other countries to-day is, that of over legislation. There seems to be a perfect mania for legislating upon every conceivable subject. In Kansas, and some of the middle western states, they are passing laws regulating the length of sheets which a landlord should put upon his beds. Up in one of the towns of Minnesota, they passed an ordinance quite recently with reference to the conduct of vehicles after dark, prescribing certain lights. The law was drawn in such comprehensive terms that a lady who had been visiting a neighbor late at night, found that she was violating the ordinance unless she put a lantern upon her perambulator when she wheeled the baby home. I am sufficiently old-fashioned to believe that we are never justified in getting rid of old conditions, old institutions, old methods and old laws, unless and until we can put better institutions and better laws in their place.

This is an age of progress. One great difficulty is, that we have been going ahead so fast during the last fifty years. There have been so many social and economic changes and evils have grown up in connection with these vast changes which have taken place, that we have found it more and more difficult to keep pace with them and apply the remedy. Always the evil keeps a little in advance of the remedy. All sorts of remedies are being suggested. Some of them are good occasionally; some of them are foolish, and some of them are positively vicious, but we must all recognize that changes are going on about us and that the law making part of society must keep pace with those changes.

One of the very important subjects being considered in the United States to-day is this subject about which I have been requested to address you this morning. It is a big subject. There is so much of it that no man could hope to cover it in the course of a short address, so that I have simply endeavored to cover the phase of it which the Chairman has indicated in the title of my address.

Conditions produce opinions which, when sufficiently potential, find

expression as law. Changed opinions naturally result from changed conditions, and as conditions are never at a standstill it follows that the law of one generation never quite satisfies the sentiment of the generations which follow. It is the business of the lawmaker to determine—and sometimes determine at his official peril,—out of the multitude of opinions that from time to time develop which of them are sufficiently substantial to find statutory expression. The general demand for a wiser and juster adjustment of the burden resulting from accidental injury sustained by workmen in their employment presents to the legislator one of these problems, the correct solution of which not only requires him to know what is demanded but to understand the conditions out of which the demand arose.

Blackstone, writing 150 years ago, includes master and servant along with husband and wife, parent and child, guardian and ward, in a class whose reciprocal obligations result from status rather than from contract. The explanation of this classification is probably to be found in the fact that prior to Blackstone's day the servant's duties were generally of a domestic character, but with the vast extension and diversification of industry the relationship of employer and employed has radically changed until it is no longer predominatingly domestic in character but has become more generally a relation apart from the household. As a consequence, the contractual conception of the relation of each to the other has more and more supplanted that which originally flowed from the notion of status. This has been strikingly manifested in the evolution of the law of liability for personal injury, which has resulted, until recent years, from judicial as distinguished from legislative activity, and nearly every development of which is rooted in the notion of contract.

The rule by which the master was held liable for an injury to the servant, caused by the former's negligence, was based upon his implied contract to furnish safe appliances and a safe place to work, to provide safe methods and to exercise reasonable care to protect the latter from injury. The counter-vailing rule that the servant could not recover where the injury resulted from observed or clearly observable dangerous conditions was based upon the implied undertaking of the servant to assume the risk of such conditions,—the fellow-servant doctrine being probably a branch of this general rule.

These various rules of the common law originated at a time when all the circumstances of the employment were of a simple and open character but as complicated machinery has more and more taken the place of hand-labor, as the powerful and indirectly applied forces of steam and electricity have been substituted for the simple and direct power furnished by water and horses, as the master has been more and more removed from direct contact with the servant through the device of corporate organization and the interposition of supervising agents, as the servants of the same master—originally few in number and working side by side,—have grown to an army, no longer acquainted with one another, these rules have come to be largely without justice or justification. From time to time they have been modified by judicial interpretation and the invention of exceptions. In recent years this process has been accelerated by legislative action. Thus, because of the injustice of relieving the master from liability where the negligence in question was that of a superior servant or of one engaged in a separate and distinct class of work, the fellow servant doctrine has been modified by the introduction of the vice-principal and separate department doctrines. As it has been borne in upon the consciousness of the legislator that the laborer in modern industry in this day of sharp competition is not quite free to accept or refuse work at his pleasure, the doctrine of assumption of risk has been modified or overthrown; and in this way the former common law defenses of the master have been abrogated or have undergone radical alteration. The whole process indicates that the

vice of applying the common law system to modern industrial conditions arises not so much from its details as from its fundamental doctrines. Legislation which continues to recognize the general applicability of the system and attempts by the introduction of modifications and exceptions to reconcile it to the utterly different conditions of our day is not a remedy but a palliative merely. Thoughtful students of the subject have come to recognize that what is needed is not to lop off dead or superabundant branches, but to cut up the tree by the roots and substitute for the entire growth of employers' liability the new system of workmen's compensation.

We have thus swung round the circle from the ancient notion of the master's duties based upon status, through that of employer's liability based upon contract and its statutory modifications, to the broader conception of the absolute right of the injured workman to compensation from the enterprise in which he is employed and to whose success he contributes his work for the sake of the wages as the owner contributes his capital for the sake of the dividends, and we are brought round again to the idea of status, only it is now the status of industry and workman instead of the status of master and servant. In this new conception there is consistently no place for any part of the old common law system.

Workmen's compensation and employers' liability proceed upon wholly different, if not irreconcilable, principles. Employers' liability for personal injury is based upon negligence, against the existence of which, by implication of law, the employer has contracted. Workmen's compensation is based entirely upon the relationship which the injured workman bears to the employment in which he is injured. While statutes have been passed depriving the employer of the common law defenses or modifying them to a more or less radical extent, under all of them the necessity of showing negligence on the part of the employer remains. The inherent evils of the common law system of liability for negligence are generally conceded, among the most prominent being: (1) That the enforcement of the employee's rights results in great waste and in great delay. The employee being generally unable to pay any counsel fees in the event of failure, is compelled to submit to the payment of exorbitant contingent fees in the event of success. Litigation, because of the crowded condition of the court dockets and for other reasons, is prolonged indefinitely. In the meantime the employee, if able to work, must often live in enforced idleness because his old employer will not furnish him work and others from sympathy with the employer do not do so. The result is that even if a large or extravagant judgment is obtained, more than half of it goes to the lawyer and for other expenses, and the expenditure of the remainder is largely anticipated by living expenses. (2) Upon the happening of an injury a condition of antagonism between employer and employee at once arises. The employee, naturally desirous of securing as large a payment as possible, consciously or unconsciously, exaggerates the facts tending to show the employer's negligence, and the employer, upon his side, exaggerates the facts tending to minimize his own negligence or emphasize some affirmative defense. Out of this double distortion the truth does not appear. If the employee is honest enough to tell the exact truth he may not recover and too often he does recover by deliberate untruth or by coloring the facts with the ingenious aid of counsel. Thus conscientious truth suffers and dishonesty is rewarded. The measure of damages is so uncertain, so much is dependent upon the bias or caprice of individual jurors, that verdicts for similar injuries differ in amount to the widest possible extent. (3) In a large proportion of the cases, particularly in death claims, the recipient of the money resulting from settlement or judgment, is wholly inexperienced in handling considerable sums, and it is often quickly frittered away or lost in unwise investment, in which case, as well as where no recovery can be had at all,

the unfortunate employee or his dependents, in case of death, become to a greater or less degree a charge upon the charity of society.

In addition to this, the litigation is carried on at great public expense. In the United States probably one-fifth of the time of courts and juries is taken up with this class of litigation.

The foregoing may be exemplified by the following case, the facts of which are not at all out of the ordinary. An engineer on a western railroad was killed, leaving a widow and three young children. Before the body of the dead engineer had been laid away she was importuned by an agent of a firm of personal injury lawyers to put her case into their hands, upon an agreement to pay them 50% of the amount recovered. This she did, and suit was brought. At the end of three years of litigation, a judgment of \$10,000 in her favor was paid. Of this amount she received \$5,000 and her lawyers the other \$5,000. In addition to the \$10,000 the litigation had cost the railroad company, as nearly as can be estimated, \$2,500 more. It had cost the State \$625, taking a proportionate part of the salary of the judge, the expense of maintaining the court, the fees of the jurors, and so on. Thus it will be seen that in order to get \$5,000 into the hands of the widow and children, the railroad and the State together had expended \$13,125. Long before the judgment was paid the widow had exhausted her financial resources and had been compelled to do hard and unaccustomed labor in order to support herself and family. A part of the money which she received went to pay debts which she had incurred. She was a woman wholly unaccustomed to business and unfamiliar with investing money. She was surrounded by friends who knew precisely what she ought to do with the money, and at the end of eighteen months she found herself without a dollar, the very existence of herself and children dependent upon such poorly paid work as she could do and public or private charity. And yet this widow was far more fortunate than the vast majority of her sisters similarly situated, more than half of whom receive no compensation whatever.

An exhaustive inquiry carried on by the federal commission appointed to investigate this subject discloses that the average amount paid by the railroads in the United States to the dependents for a death claim is \$1,221, from which lawyers' fees and other expenses are deducted.

These are some of the evils of the system of employers' liability. How can they be most effectively and justly eliminated? It is obvious that a mere alteration of the details of the common law will not be of any considerable economic value. It is true that by abrogating or modifying the common law defenses, the field of the employee's opportunity for successful litigation is broadened, but the field of opportunity for waste is at the same time also extended. It is likewise true that some employees who are not now able to recover solely because a negligent employer can establish a good defense will, under these alterations, be able to recover, but it is safe to say that more than one-half of the workmen who are injured and a still greater proportion of the dependents of those who are killed will still be unable to recover because of their inability to establish the employer's negligence or because the accident is due to the employee's sole negligence or to the ordinary risks of the employment.

Under the simple conditions which at one time existed the majority of accidents which happened were due to somebody's want of care, because there were no inherent dangers in the use of manual tools and simple appliances in the usual way and under the usual circumstances, but in this day of complex appliances, rapidly moving machinery and the press and stress of abnormal hurry, a very large proportion of all accidents are due to general conditions for which no one is specifically to blame. At a time when, if accidents happened, they were generally the result of clearly ascertainable negligence, there was both wisdom and justice in making negligence the controlling element in the right to



H. Donald McNeill
CHAIRMAN McNEILL MEDAL COMMITTEE

recover, but now that the conditions under which the work of our day is performed are such that the greatly preponderating proportion of accidents are due to inherent dangers, or to a complex and confusing set of circumstances in which negligence is either not present or not traceable or exercises only a minor influence, the element of negligence has ceased in fact to constitute the usual determining cause of industrial accident, and there has resulted a growing opinion that it should no longer be regarded in law as the determining factor controlling the employee's right to recover.

The German accident statistics, which have been gathered with the most painstaking care, in this connection are most illuminating. These statistics are gathered from the experience of a vast body of workers, aggregating today many millions, and cover many hundreds of thousands of accidents. In the year 1887 the percentage of accidents which were due to the negligence of the employer was 20.47%, those due to the negligence of the employee 26.56%, due to the contributing negligence of both 8.01%, and due to the inevitable risks of the industries and other causes 44.96%. In the year 1897, ten years later, there was due to the negligence of the employer 17.30%, to the negligence of the employee 29.74%, of both 10.14%, and to the inevitable risks, etc., 42.82%. Ten years later, in 1907, the number due to the fault of the employer was 16.81%, to that of the employee 28.89%, to both parties 9.94%, and to the inevitable risks, etc., 44.36%.

Applying these figures to our own country, — and there is no reason why they should not approximately apply, — under the most liberal employers' liability law which we have, recoveries may be had by employees in considerably less than one-third of the accidents which happen, the remainder, more than two-thirds, being due to inevitable risk, the sole negligence of the employee, or other causes not involving negligence on the part of the employer.

The Labor Bureau of Wisconsin has given the result of their investigation of 318 representative cases of personal injury, in which it was found that 52.10% were due to the hazard of the industry. A rather careful examination of such statistics as we have in this country convinces me that on the average approximately one-half of all accidents resulting in personal injury or death are due to the hazard of the industry and that not more than 25% are due to the sole or contributing negligence of the employer. It must be apparent, therefore, that no matter how the system of employers' liability may be modified, so long as the employer's negligence remains as a prerequisite to recovery, either by far the greater proportion of all injuries must go without compensation or many verdicts must be based upon untruthful evidence or rendered in disregard of facts. Neither alternative is to be contemplated with satisfaction.

The truth is we have been thinking in terms of negligence so long that it is difficult to rid ourselves of the notion that personal fault on the part of somebody is always a necessary prerequisite to a just liability. The subject must be approached from new angles. The great industries of today are engaged in producing commodities or in rendering services for the general public. The consumers of these commodities or the recipients of these services are justly obligated to pay what they cost plus a fair return upon the investment. The wear and tear of machinery, the cost of the labor employed, every item of expense entering into their production or rendition is properly taken into consideration in arriving at the amount to be paid. The injury of a workman resulting in loss of earning ability or death as truly enters into the cost of production as the breaking of a piece of machinery, only in the latter case the industry bears the expense no matter how the loss occurs, while in the former the industry pays when the owner is at fault and the workman pays in every other case. There is no reason why the industry should not bear the expense in all cases, collecting it in the last analysis from the consumer

just as it collects every other item of expense entering into the production.

In earlier times, when few men were employed by the same employer and few were engaged in each occupation, the number of accidents and consequently their cost could not be foreseen. From the standpoint of anticipation that was wholly a matter of chance. But dealing with modern conditions, where vast numbers are employed and a vastly extensive field is covered, we are able to predict almost exactly not only how many accidents will occur in the course of a year but to classify them according to the extent of their severity. Thus we know that in the railroad service of the country where seventeen hundred thousand men are employed, about four thousand will be killed every year and about seventy-five or eighty thousand will be injured to a greater or less degree. In other words, by the vast extension of the field within which these accidents occur the doctrine of chance has stepped out and the law of averages has stepped in as the controlling rule. It is the unvarying and certain operation of this law of averages upon all human activities that constitutes the value of all our statistics; that makes insurance a business of scientific accuracy; that in all our large affairs enables us to walk sure-footedly toward the future. There is, therefore, no longer any difficulty in determining what the aggregate cost to any given large industry the payment of compensation will be where the schedule of amounts is prescribed, and this cost can be easily and exactly included in the price of the commodity or service. In the case of the small industries, insurance, mutual or otherwise, gives opportunity for the operation of the law of averages by bringing a sufficient number of employers into the same field of risk.

Whenever a workman is injured so that his ability to earn a living is impaired or destroyed, somebody must bear the burden, and the extent of the burden is precisely the same no matter how the accident was caused. The theory of employers' liability is to put the entire burden on the employer when his causal negligence can be established and to leave the entire burden on the employee in all other cases, while the theory of workmen's compensation is to equalize the burden by paying the injured workman half wages, or approximately that, in every case of injury however caused and for a period proportioned to the extent of the injury. Such a rule results in average justice, which the more or less haphazard enforcement of the system of negligence liability does not, since a majority of injuries go without any compensation, while of the remainder some are fairly, some are inadequately, and some are extravagantly compensated.

I have already stated that these two theories of employers' liability and workmen's compensation proceed upon wholly different principles. It follows that any attempt to engraft one upon the other is unsound. The law of workmen's compensation, therefore, should afford the sole remedy. In other words, it should be *compulsory* and *exclusive*. An elective law is a legislative absurdity. Indeed it is in effect no law, since "Law is a rule of civil conduct commanding what is right and prohibiting what is wrong." The so-called elective law commands nothing — prohibits nothing. It proceeds upon the notion that it is right that the employer should be obliged to pay and the employee should be obliged to receive definite and fixed compensation for a personal injury, independently of fault, and then permits both parties to do as they please about it by allowing them to elect in advance whether they will be bound by the law of compensation or the law of liability. Indeed, where the elective form has been adopted the justice and wisdom of compulsion is recognized by prescribing penalties for a failure to accept it, the usual provision being that if the employer elects not to be bound he shall be liable as at common law *stripped of* all the common law defenses and that if the employee elects not to be bound he shall be entitled to the common law remedy *burdened with* all the common law defenses. Such legislation

has been justly characterized as "The Highwayman's Law." Ostensibly it allows those who are affected to accept or decline; in fact it coerces acceptance at the muzzle of the legislative revolver.

Every consideration of justice and economy likewise demands that the law should be *exclusive*; that is to say that it should not permit, after the accident has happened, a choice of remedies on the part of the employee. These considerations may be briefly stated as follows:

1. It is unjust to the employer, since its effect is to compel him to respond for such unlimited and sometimes extravagant damages as a jury may see fit to impose, whenever his negligence can be established, and then superadds a liability to pay the definite amounts prescribed by the law in all cases where he is without fault, including those where the injury was due entirely to the negligence of the employee. There is, to say the least, grave doubt whether such a law is not so arbitrary in character that the Supreme Court of the United States would declare it void as constituting a denial of due process of law. The exclusive law is based upon perfectly defensible considerations of mutual burden and mutual advantage. It compels the employer to pay *definite compensation* in all cases, but relieves him of the liability to respond in *unlimited damages* in some cases. It deprives the employee of his right to recover *unlimited damages* in some cases but gives him in exchange the right to recover *definite compensation* in all cases. The effect of it is to make the employer an insurer of the safety of his employees in a fixed and limited amount, but to leave in his treasury the fund theretofore available for the payment of indefinite damages to assist him in meeting the new obligations. It gives to the employee an *insurance policy* in exchange for the *gambler's chance*, and in effect says to him, "You may hereafter sustain an injury, which may or may not be due to your employer's negligence. You may be able to recover damages or you may not be able to recover anything. This law guarantees you the *certainty* of *compensation* in place of the *uncertainty* of *damages*."

2. By making the law exclusive larger compensation can be given than would be possible if a choice of remedies were allowed, since it is manifest that if the employers' liability to pay unlimited damages in case of negligent injuries be continued and in addition he be compelled to pay large compensation in all other cases his industry will be taxed beyond its capacity to pay. It must be frankly recognized that the compensation law substitutes the communistic idea of benefit for the whole class in place of the individualistic theory which permits a minority of the class to recover much and the majority little or nothing. The justification for a compulsory and exclusive workmen's compensation law rests in the conception that the workmen employed in any enterprise are industrial soldiers, who being injured in its service are entitled to be cared for to a fair and equitable extent, having in view the ability of the industry to pay. Theoretically, therefore, we are to consider that we have a fund, which, however large, is still limited; that this fund is to be distributed among the workmen who sustain injury resulting in disability and the dependents of those who sustain injury resulting in death; that this fund is to be distributed not for the purpose of penalizing the employer but for the purpose of aiding the injured, and that finally it is better that everybody injured should receive *compensation* than that only a portion of those injured should receive *damages* and the remainder nothing.

3. The double remedy will result in a continuation of the great waste which it is one purpose of the compensation law to avoid. To allow an election of remedies is to permit the injured employee to still remain a bone of contention between the personal injury lawyer, who urges him to sue for the sake of the contingent fee involved, and the claim agent, who seeks to make inadequate settlement in order to save

the treasury of his company. Suits will go on as heretofore. Half of the amount recovered will be lost on its way from the treasury of the company to the pockets of the employees. The unfortunate feeling of antagonism between employer and employee, which now results, will continue without abatement. The expense to the taxpayer incident to the trial of personal injury cases will still continue.

4. To allow an election of laws or a choice of remedies destroys one of the most pronounced advantages of the compensation principle; namely, the element of certainty. So long as we allow the employee to seek damages upon the basis of the employer's fault or the employer to defend upon the basis of the employee's negligence, just so long will the uncertainty of the law suit counteract the certainty of the fixed schedule and just so long will the fund which should be husbanded and utilized for the benefit of all be frittered away for the benefit of some. A compulsory and exclusive law saves the vast sum which is now wasted and which would continue to be wasted under a composite system for distribution among those who are injured. Expense will be saved to employer and employee and to the public. The only individuals who will suffer will be the personal injury lawyer and his law suit hunting agents.

5. A compulsory and exclusive law will, in my judgment, prove a powerful aid in the prevention of accidents. Under the liability system the employer and the employee are interested in exaggerating or concealing the real facts in so far as they tend to prove or disprove negligence, the employer coloring and distorting them in one direction and the employee coloring and distorting them in the opposite direction. Between the two the precise truth as to how the accident occurs is effectually concealed. When the employer knows that he must pay and the employee knows that he must receive a certain prescribed sum wholly irrespective of the way in which the accident happened, neither will have any reason for misrepresentation and we shall be able to ascertain the cause of the accident and knowing why and how it happened we shall be able to prescribe remedies which will have a tendency to prevent similar accidents in the future.

After all, the vital objection to the liability system is that it does not in the main permit of average justice, and this is particularly so in death claims where by the death of the employee quite often the evidence which would have established liability is lost. The consequences to the dependent family of an engineer who is killed as the result of his own negligence are precisely the same as where there is no negligence at all or where the employer is at fault. Both families have lost a provider and both must be cared for. It is certainly more in consonance with sound public policy to require that both families shall be compensated within fair and reasonable limits than that the employer should be penalized for the benefit of one family at the expense of the other.

Experience is always a more valuable guide to human conduct than precept. Every country in Europe except one has abandoned the theory of employers' liability based upon fault and substituted that of compensation for accidental injury based upon status alone. These laws have been in operation in some of these countries for many years—in England for seventeen years, in Germany for more than a quarter of a century. If they did not on the whole work well, if they were not of superior benefit to the employee over the old system, we should expect that long ago there would have been serious efforts for their repeal, but on the contrary the workmen in these countries have repeatedly endorsed their principles and declared in favor of their continuation. It is furthermore significant that among the scores of official and non-official commissions, committees and civic organizations in our own country, which have investigated the subject, upon most of which bodies both employer and employee have been represented, practically

all have reported in favor of the principle of compensation as opposed to that of employers' liability. If a wide-spread consensus of opinion, based upon long experience, careful investigation and earnest desire for a wise and just solution of a great problem can ever establish anything, surely it may be taken for granted that the desirability of workmen's compensation is no longer open to dispute.

The demand for a more or less automatic adjustment of compensation for accidental injuries to workmen is but one of the many phases of a world-wide movement for the readjustment of the relations of labor to capital and of both to society, more in consonance with modern notions of social justice. The thought behind this movement is that if society en masse, for the general welfare, may command the self-effacing loyalty of each of its constituent units, society in turn must shape and preserve conditions which will protect each unit in the unequal struggle for individual wellbeing.

There is a growing feeling that the individualistic theory has been pushed with too much stress upon the dry logic of its doctrines and too little regard for their practical operation from the humanitarian point of view. We are discovering that we cannot always regulate our economic and social relations by scientific formulæ, because a good many people perversely insist upon being fed and clothed and comforted by the practical rule of thumb rather than by the exact rules of logic.

In the rebound, however, from the old notion which, carried to its final conclusion, compels each not only to wage his own battle for existence and happiness, even though he fall in the fight, but which bids him lie where he falls, there is danger that we may go too far in the opposite direction and while helping the weak, which is good, encourage the indolent, which is bad. We must be careful that in the effort to relieve ourselves of the burdens which bear us down we do not take away the stimulating necessity of personal effort which compels us to rise. We must find at our peril the happy mean between the hardship which breaks, and the coddling which saps, our strength. That in our righteous anxiety to minimize human suffering we may miss this crucial point is one of the grave dangers which the great civilized nations face today. The unfortunate must be cared for; the soldiers of industry who fall must be lifted up, but no deadlier check could be put upon the upward march of civilization than to embark upon such a scheme of emotional socialism as would put upon the backs of the strong not only the care of those who cannot but of those who can but will not bear their own burdens.

In framing our laws we must never lose sight of the vital distinction between helplessness, which is a misfortune, and laziness, which is a vice. It is a lovely thing to give in case of need, but it is a far more important thing to so adjust conditions that giving will not be necessary. Laws which afford financial aid for the old and sick and unfortunate who cannot help themselves are necessary and righteous, but laws which, by insuring safe and healthful and remunerative work for the young and strong, enable them to care for themselves in time of misfortune and sickness and old age are better. Laws which compel industry to pay, irrespective of negligence, for accidents which entail injury and loss of earning ability or death are commendable and desirable, but laws which will prevent the accidents are far more so. Clean, sanitary hospitals for those who are torn and mangled by defective machinery or diseased by unwholesome surroundings are necessary and good, but safe machinery and sanitary work-shops are better still. In other words, in dealing with industrial conditions, the prime duty of society, and therefore the prime study of the lawmaker, should be to prevent or minimize the evils which give rise to the necessity for assisting the helpless, for in law as in medicine the homely maxim holds good, that "An ounce of prevention is worth a pound of cure."

**Address of John T. Stone, President Maryland Casualty Company,
on "The Fact, the Specifications, the Causes and the Cure
of the Hostile Feeling Toward Casualty Companies"**

Mr. President and Gentlemen of the International Association of Casualty and Surety Underwriters.

Before presenting to you what I have prepared on the subject assigned to me, permit me to crave your indulgence for the utterance of many things so familiar to you that they may be tiresome on this occasion. My apology for this is that I hope this address may have an audience through the printing press many times larger than the one I am facing. In that prospective audience are many to whom these things are not at all familiar, yet they are men whose influence and action are bound to affect vitally our most important interests. It may be that what I am about to say will assist them in a right exercise of that influence and action. Such at least is my earnest desire.

To those of you who are not engaged in the business of liability insurance I must also offer a word of apology, for this paper deals only with that class of business. Yet I ask the attention even of those gentlemen, upon the ground that what affects so large a department of casualty insurance contains a very real interest for all casualty and surety men.

The business of insurance is the nearest approach to a public benefaction of all commercial undertakings. This broad statement is true as to the incentive, the purpose, the theory, the practice and the results of insurance. Its incentive is the desire to avert economic hardship or disaster to the individual. Its purpose is to accomplish that desire certainly, promptly, fairly and at the least practicable cost. Its theory is that this can best be done through the assembling of large funds from many contributions of relatively small amounts each and the application of these funds to the payment of damages sustained by the unfortunate among those who contribute. Its practice, as exemplified in the method of conducting probably 99 per cent. of the business, is to apply this theory through the medium of capitalized corporations whose stockholders guarantee, to the extent of their investments in the corporation, that the contributors to the fund will, in consideration of their contributions, be protected against damage to the extent of many times the amounts they respectively contribute, and without any further assessment or contribution for a given period. The results of several centuries of this practical working of the theory of insurance, with increasingly extended application to varied classes and aspects of commercial and other hazards, are that literally millions upon millions of people have been thus saved from entire or very serious evil which such losses carry in their train. These results have been attained with varied consequences to the stockholders of insurance companies. Obviously, many companies have been able to meet all their obligations to their policy-holders and pay satisfactory dividends to their stockholders, for, otherwise, there would have been an abandonment of that form of investment. It is also true, however, that many companies have bankrupted themselves in the effort to protect those who have purchased their policies, and that many others, after providing fully, by reinsurance and otherwise, for their policy-holders, have voluntarily retired from business because of inability to earn a fair profit for their stockholders. But, whatever may have been the outcome



B. W. Hyman
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to the stockholders, it has rarely happened that the contributor or policyholder has failed to receive in full the protection he contracted for, although many times the amount he paid for it. These facts, so well known that even their briefest recital may seem tedious, justify abundantly the opening statement that insurance is the nearest approach to a public benefaction of all commercial undertakings. Insurance is, indeed, applied socialism, free from the weaknesses of much of the socialistic teachings we hear, and buttressed by the support of invested capital.

This premise is fully as true of those new classes of insurance designated as the miscellaneous, or casualty group as of the older classes, such as life, fire and marine. And, narrowing our field still closer, it is particularly true of the largest of the casualty classes—employers' liability insurance. Yet, notwithstanding the distinctively beneficent promise and performance of this branch of insurance, certain phenomena of hostility to the companies engaged in it are met with. This hostility appears in many quarters, and manifests itself openly, violently and uncompromisingly. Merely as a matter of curious psychology, it would be interesting to trace the reason for enmity where one is justified by the facts in looking for that appreciation and approval which a public benefaction usually elicits. Our concern to-day, however, is not the aloof and disinterested curiosity of the dilettante psychologist, but the intimate and vital research of those who are responsible for the conduct of the business under discussion. We are bound, therefore, to know and to declare the truth, and the whole truth, in this matter. And if this most surprising and contradictory situation can be cured, the task is ours, and ours alone, to find and to apply the remedy.

The evidences of the existence of this hostility within the past two or three years are numerous. Governor Foss of Massachusetts on September 13, 1911, at a Conference of Governors at Spring Lake, N. J., said regarding the Workmen's Compensation law of his State:

"It is interesting to note that the bill originally drafted eliminated the private insurance companies from the field and substituted a State insurance association. The purpose of this was to do away with the great loss to both employers and employees through the large profits made by these companies. I believe we shall not arrive at a perfect law of workingmen's compensation until private liability insurance companies have been finally eliminated."

His attitude is still, judging from subsequent utterances, unchanged.

In New York Governor Sulzer has within the past sixty days vetoed a Workmen's Compensation bill for the avowed reason that he stands for a law which will make it impossible for stock companies to issue policies insuring the liability of employers; and this declaration is accompanied by evident animus against such companies.

In Pennsylvania a determined effort, sufficient to secure a large majority in the State Senate, was made within the past thirty days to incorporate in a workmen's compensation law a similar anti-insurance company provision.

In New Jersey no less influential and representative a person than the former Governor of that State and now President of the United States, Woodrow Wilson, at that same Spring Lake Conference of Governors in 1911, attacked the rating methods of the companies, and declared his conviction that "there must be a State system of insurance."

Governor Johnson of California said last January in a message to the legislature of that state: "One of the chief difficulties that has arisen in California has been because of the rapacity of insurance companies. The rates of insurance seem to have been extortionate, and in many instances prohibitive."

In Ohio a law was enacted two years ago which seriously curtailed the business of casualty companies. This year that law, by an almost unanimous vote of both houses of the legislature, and with the active

and open advocacy of Governor Cox, was so amended as to take away what little was left, so that on and after January first next no company can transact employers' liability or workmen's compensation insurance in Ohio.

In Wisconsin the Industrial Commission, which has supervision over the operation of the Workmen's Compensation law, has misrepresented certain innocent and well-intended instructions issued by the companies, and in its comments has gone out of its way to exhibit spleen and enmity toward the companies.

In Indiana, Illinois, Michigan, Iowa, Nebraska, Kansas and Minnesota determined efforts to legislate the companies out of business have been defeated only by the most energetic and persistent efforts, and even then in some instances by the barest majority. The States of Washington, West Virginia and Oregon have enacted laws under which employers' liability insurance cannot be transacted in those states by the companies. Texas has just enacted a law which makes such business almost or quite impracticable for us. In a considerable number of other states similar proposals have developed material support from influential persons and organizations.

It is most significant that the oldest and reputedly most conservative States of the Union located along the Atlantic seaboard and in the Central West, where vested interests and the untrammelled right to do business have been most carefully safeguarded, are not much behind those newer states of the West and Northwest and of the Pacific Coast, where we have been apt to look for radicalism and hasty and ill-advised procedure.

These nation-wide evidences, many and almost identical in their natures and import, demonstrate conclusively the fact of definite hostility toward casualty insurance companies. It will perhaps be said that the feeling is not so much against the companies as in favor of insurance by the state. If that were true, it would find expression in laws which establish state insurance funds, but still leave the companies free to do business with those who desire their protection. Active intolerance is the surest evidence of the existence of hostility to an idea or an institution.

But this hostility is not merely presumptive. It is avowed, and the avowals take the form of specific charges and accusations. These, in varied forms, have been made in the presence of every Governor, commission or committee before whom hearings have been had preliminary to the preparation of workmen's compensation laws. Concisely, the specifications are that the companies make enormous profits; that this is accomplished by excessive premium rates and by trimming or actual repudiation of just claims; that an enormous army of useless, or at least, greatly overpaid, officers, agents, attorneys, adjusters and other employees is supported by the policy-holders—in a word, that the business of casualty insurance is not a public benefaction, but a public burden, and an institution for private graft.

If all this, or if any considerable part of it, be true, if this business, which ought to be less infested than any other with the virus of extortion and injustice, be so rotten, or anywhere nearly so rotten as is charged, then the most drastic measures would not be too severe. But if these charges be largely false, and if what measure or appearance of truth they may carry be not the fault of those in the business, but of circumstances largely beyond their control, then surely the intolerance and hostility arising from the circulation of and belief in these charges should vanish and the laws which owe their origin to such feelings should be repealed.

Now, what are the facts as to the profits of the companies on the transaction of liability insurance? For the ten years of 1903 to 1912, both inclusive, the total earned premiums on all forms of liability policies were \$237,562,809.00, and the total losses paid (plus claim reserves as of 1912) and expenses (including taxes) were \$235,405,080, leaving \$2,157,729

profit, or nine-tenths of 1 per cent. on the business transacted. No dividends are included in these figures, which were taken from the records of the State Insurance Departments, principally the Department of the State of New York. We may fairly challenge anyone to declare a net earning of nine-tenths of 1 per cent. to be an "enormous profit." It is pointed out, however, that some companies have made much more than the above-named percentage. That is true, and it means, of course, that other companies have made much less, some of them having made a considerable net loss for the whole ten years, all of which is beside the mark, however, for the great question we are now discussing must, in all fairness, be dealt with from the point of view of the business as a whole, for it is the business as a whole, and not certain companies, that is under indictment.

Since it is plain that there have been no enormous profits, but, indeed, a very meager net margin for all the risk assumed by the stockholders, we might perhaps dismiss without further words the charges that these imaginary profits are the result of excessive rates on the one hand and of iniquitous treatment of claimants on the other hand. But away back of these falsely-alleged causes of non-existent profits there lie certain facts which no one not in the casualty insurance business, and not many, apparently, even of those in the business, seems to have clearly apprehended. These facts relate not only to rates and claims, but also to the employment of the army of officers, agents, attorneys, adjusters and other employees. Such an army does exist, and to that extent the charge of our enemies is true, but their explanation of its significance is utterly untrue.

The truth is, I verily believe, that these ignored facts constitute the real causes for the hostility, intense and widespread, but equally mistaken and unjust, toward casualty insurance companies. These facts are the prevalent misconception of what employers' liability insurance is; the utterly, yet almost universally, false treatment in every aspect of it, of the rate-making feature of liability insurance; the failure of the public to appraise rightly the province of the agent, the adjuster and the attorney; and the effect upon this whole situation of the widespread cleansing of state and municipal politics which has taken place within the past several years.

The obligations assumed by an insurance company in issuing an employers' liability insurance policy have never been understood by employees, and rarely have they been convincingly grasped by employers. The employees have always believed that such a policy entitles them to be paid if they are hurt at their work. This view, not quite so badly, but almost as effectively, in practice, has been held by perhaps a large majority of employers. The plain statement with which the policy begins—that the insurance is to indemnify the employer for *his* actual loss by reason of *his* liability, as the law has fixed it, to his injured employee—has been ignored in the minds of both master and servant. This sounds like an insult to the intelligence of many thousands of men, but I confidently appeal to all who have dealt in practice with liability claims to testify on this point. After all, such confusion of ideas is not unnatural. Liability insurance is the only one of all the forms of insurance, except surety bonding, which is indirect or substitutionary in its operation. It insures the policy-holder not against loss of his own goods or against accident, illness or death to himself, but against injury to someone else for which he may be held responsible under the law. So that in effect that third party, designated "the injured," is the beneficiary so far as the payment of indemnity by the company is concerned. The universal law of association of ideas operates here; and, as under every other form of insurance the recipient of indemnity is the assured, it is not surprising that human minds have generally failed to carry the fact that this one class of insurance is essentially different, and have instinctively and almost universally regarded the injured as him

to whom the company has issued its policy of insurance. The result of this misconception is that when an accident occurs and the company raises the question of the employers' legal liability as the pivot upon the turn of which it will or will not pay the injured man, the latter at once feels and believes that the company is trying to evade its just obligations. The mere raising of the legal question alarms and antagonizes him. He has a dread of lawyers and courthouses. He believes they are allies of all corporations. Perhaps he employs a lawyer; perhaps he handles his case himself. In either event his circle of kindred and friends discuss the matter over and over again, and whether he is paid or not, or however much he may be paid, he is never convinced that the insurance company was not trying to get the best of him. And very often his employer feels the same way; for so long as he is not called upon to pay the loss, he is disposed to give free play to his humanitarian or personal sympathies. Here is the beginning of hostility to the companies. But it is only the beginning. Many cases of injury involve difficult questions as to the amount of indemnity due and as to the legal liability of the employer which can only be settled in court. This question of legal liability has offered to the "shyster" lawyer an opportunity which he has been prompt to avail of, to his great profit, to the overloading of court dockets, the great increase of the expenses of the companies, the great decrease of the net amount received by claimants and the unjust, but perhaps natural, aggravation of the scandal heaped upon the business of liability insurance in the opinion of the public. For, the well-known uncertainties of the outcome of litigation, the technical possibilities open to a shrewd lawyer, the frequent ease with which evidence can be made to fit and sustain a legal contention if the attorney be not overscrupulous, have largely transformed the trial of damage suits for injuries to employees from honest efforts to determine the law and the facts into a game of chance and skill, with a premium on cheating. Too often the game is purely an effort of those who have not to win from those who have, the basis being exaggerated claims for slight injuries involving no real liability under the law as it is. So the courts have become crowded with suits in which the real defendant is a liability insurance company, which fact is usually known to all concerned except the jury, and that body learns of it sooner or later. Thus the opinion that the companies habitually endeavor to evade their obligations by recourse to the law spreads through a far wider area even than that of the injured employees and their friends. A remarkable instance of this was the utterance of former Governor Hay of Washington at that same Spring Lake Conference. He characterized the casualty companies as "fungoid social parasites, whose business is not to compensate the injured workman, but to defeat by every legal means the just recovery of damages from the employer they insure." Nevertheless, in following the course thus so violently and unfairly denounced the companies are fully and exactly performing the beneficent mission of insurance, for they are making good their policy promises to the employers in four ways—first, in assuming the expense and labor of adjusting the claim and determining its legal merits; second, in paying the amount of indemnity due the injured employee up to the limit of insurance named in the policy; third, in endeavoring to save the employer from a loss beyond that limit, and fourth, in endeavoring to keep the whole bulk of indemnities paid within such bounds and the application of the principles of the law within such limits as will enable the companies to insure employers at a low premium cost. This is real beneficence. It has saved literally thousands of employers from financial embarrassment and bankruptcy as the result of heavy damage payments to injured employees, and has enabled every employer holding such a policy to pursue his business with practical freedom from care in that regard. And in thus protecting the employer the companies have also provided for thousands of employees whose employers would have been unable to pay such indemnities. But this



Wm Paulsen

CHAIRMAN STANDARD MANUAL COMMITTEE

blessing to both employer and employee has actually come to be regarded as a curse to the employee. The hundreds of millions of money paid by insurance companies to injured workmen and to the dependents of those who have been killed, and the fact that by far the larger portion of this money has been paid voluntarily and without recourse to the courts, have been given no weight at all, as against the deeply rooted misconceptions we have cited; and the cry has gone up from all over the land, "Down with the casualty companies!" This cry is also and obviously louder and deeper because it is a part of the chorus of protest which has been swelling in increasing volume from multitudes of workmen and from hundreds of leaders of public opinion against the inequalities of present-day economic conditions in general. This economic protest has become more and more patent through our frequently recurring political campaigns, through the daily press and the monthly magazines, and more plainly still through our daily intercourse with men of all classes and callings. Its familiar name is "The Movement for a Square Deal." It presupposes a crooked deal, and that in that deal the workman gets the worst end and the employer the best end at every turn. It arrays the employee against the employer and all with whom the employer is associated or identified. And so the specific indictment against us is reinforced by including us in the general indictment of labor against capital. Now, while these are conditions beyond our control and are therefore not our fault, they are certainly our misfortune, and the hostility we are encountering is due largely thereto. If the wholly-to-be-desired square deal were vouchsafed by our enemies to us, they would recognize that our policy contracts must conform to the law as it is and to conditions as they are, and that therefore in insuring against the employer's legal liability it is necessary to employ investigators, adjusters and lawyers, and to resort at times to the courts in order to ascertain what is legal liability; hence the expense of their employment is really a part of the service the companies render.

But there is another cause for this hostility—a cause which is clearly chargeable to the method of conducting the business. It is the fundamentally false treatment in every respect of the premium rate feature. I make bold to declare this, unpleasant and humiliating as it is. Remember, however, that I am discussing the broad question of the transaction of the business as a whole, and am not attempting to characterize the methods of individual companies. Of course, as in the matter of profits, some companies have been wiser than others in rate-making, but none have been free from grave error. What has been the history of liability insurance rate-making? It has been a disgraceful compound of ignorance of the nature of the hazards assumed, blinding greed for volume, hasty presumption of profits where there was a hidden, but sure, loss, and refusal to co-operate with competitors along fair lines toward a broader knowledge and a wiser program. In using this language I do not forget the earnest and persistent efforts on the part of a few companies, beginning as far back as 1896, to compile experience data, to deduce therefrom right values and rates, and to transact the business along the lines thus laid down. The pity of it all has been that these years of honest effort have had, until within the past two years, so little effect upon the actual practices of the companies. What has been the bearing of all this folly upon the public mind? As to the policy-holder, the employer, he has had little, if any, reason to respect either the business sense or the fairness of the liability insurance agent and underwriter. He has paid a rate fixed not by factors of real pertinence to the hazard assumed, but by crass and crude competition, sometimes so low that he must have hesitated to accept it if the insurance company were weak and laughed contemptuously if it were strong, or he has paid perhaps a fair rate in a given year only to have it out the next year by an old and strong company to such a point as to lead him to feel that he had been outrageously overcharged before. What has

been the effect upon the claimant, the employee? Shall we face the truth? There is hardly any virtue in so doing, for it is already a matter of common rumor, with many instances to prove it. Inadequate rates have had their inevitable consequence in a disposition to avoid or delay payments, so that in many cases where the legal liability of the employer was clear, or at least probable, the claimant has been forced to employ a lawyer and then to sue and prove his case in court when he ought to have obtained a prompt and direct settlement without such expense. This unhappy condition has given the shyster lawyer and the labor agitator some ground, of which they have made the most, to proclaim themselves as "the protectors of the helpless wage-worker against the greed and injustice of the plutocratic insurance companies," to use their own picturesque rhetoric. To whatever extent these factors have contributed toward creating or increasing hostility against liability insurance companies the companies have themselves to blame. They have to that extent forfeited the support of the employers whom they insure by failing to deal with them so as to establish a conviction of confidence in the fairness of their rates and in the efficiency of their service; and they have sown seeds of trickery and injustice here and there among wage-earners which have multiplied amazingly under the cultivation of agitators and shysters.

Another item in the situation, the misunderstanding of which has contributed to the present hostility, is the compensation paid the agents. The service rendered by a competent agent is of distinct value to the policy-holder. A contract of insurance covering the legal liability of the assured must be very carefully drawn to be effective and comprehensive. Skill, care and experience are required on the part of the agent, and these qualities require time and study for their development. Men thus equipped are in a sense professional, and the service they render entitles them to liberal compensation. They suffer in the estimation of the uninformed public, and they are plausibly attacked at this time by the enemies of the companies as alleged parasites. Yet there is here again just enough basis for criticism to weaken our case somewhat. Competition for agents and for business has betrayed the companies not only into folly in premium rates, but also into folly in commission rates. Gradually the proportion of the premium which goes to the agent has increased until the assured has good ground for the complaint that the protection cost to him is unduly burdened for the benefit of the agent.

The final element in this growing antagonism has its origin entirely outside of our business as such, but is, in my humble judgment, perhaps, after all, that which involves the greatest peril. It is the hunger of the political beasts of prey whose hunting ground has been taken from them or made too dangerous for them within the past few years. The exposure and prevention of public graft and the aroused intelligence and quickened conscience of the people, which have been both the cause and the effect of that exposure and prevention, is a nation-wide condition of such marked betterment that good citizens everywhere are rejoicing, and are determined to hold fast this good thing. But the class of men who have fed bountifully and lazily at the public crib for many years is not rejoicing; neither are these men content to change their scheme of life. They, like all beasts of prey, merely change their feeding ground, but not their diet. Having been driven from some of the public cribs, they must find or make another. As their political work requires them to keep in closest touch with public opinion, they have recognized far earlier than others the growing hostility toward casualty companies. They have also recognized the existence of the corollary to this hostility, namely, the well-nigh unanimous demand that the system of employers' liability for negligence only, with all its legal defenses and all its objectionable accompaniments and fruits, shall be swept away and the system of certain compensation for trade injuries adopted in its stead. For this human beast

of prey, the political grafter, is wise in his day and generation, and, like the devil whom he serves, he can disguise himself even to look like an angel of light. So he has everywhere taken up the advocacy of workmen's compensation insurance. Unfortunately for the casualty companies, it has been until very recently very doubtful whether it was wise or otherwise, helpful to the cause or hurtful, for us to advocate openly the same thing, notwithstanding the almost, or quite, unanimous conviction among us that workmen's compensation laws ought to be enacted and the outworn and outgrown employers' negligence system abolished. This unavoidable hesitancy on the part of casualty companies to advocate openly the reform has given plausibility to the charge that we are opposed to it. This, in turn, has made very easy the linking together of two utterly dissimilar propositions, namely, state insurance and workmen's compensation laws. The political job-hounds have bayed this cry from one end of the land to the other, until multitudes of honest people, intelligent enough, but having made no study of the real issues of the complex questions involved, verily believe that the only way to wipe out the old system to which they are opposed and to establish the new system with its clearly desirable reforms is to wipe out also the right of the casualty companies to insure the employer, and to make of the state a monopolistical paternal insurer. In this outcry, sometimes blatant against the employer and the insurance companies, and sometimes insidiously sweet with honeyed cajolery for the wage-earner, many of the leaders of thought and action among the workmen have joined, some of them surely as conscienceless as their grafting political allies, and others sincere and righteous, but uninformed or misled. One can imagine, with some degree of that sort of admiration which even devilish cunning excites, the glee of the grafters as they meet in private and snicker at the dumb simplicity of the dear public in congratulating itself over driving the looters from the feeding trough and all the while unconsciously providing a brand new crib of larger capacity filled with more abundant and richer provender. For state insurance, I dare to affirm, is, so far as the great majority of its political advocates are concerned, merely a gigantic job factory; so far as the employer is concerned, it is a delusion and a snare; so far as the workman is concerned, it will prove an apple of Sodom, for, notwithstanding its fair appearance, it must crumble away into ashes as soon as it encounters the touch of a sufficient practical test; and so far as the general public is concerned, it means only a material increase in taxes for distribution among office-holders. But that is at present only prophesy, and our concern is just now with the hard fact that this political element in the hostility we are encountering at so many points is the most threatening of all, and therefore demands instant and ceaseless treatment of the wisest and most vigorous sort.

The eternal query faces us, so aptly though cynically phrased by that prince of grafters, Boss Tweed, "What are you going to do about it?"

Well, first, the existence of any serious hostility may still be denied; but probably none of us are foolish enough to linger longer in that paradise of illusion. Or we may admit the reality of this antagonism, but believe it will evanesce like some other popular fancies and furies of the past. Again, we may fully sense its serious import, but deem it wise to await until its inherent injustice and falsity shall have been demonstrated by events. Or, we may squarely address ourselves at once to the task of speedily disarming and dispelling this hostility by endeavoring to remove the causes out of which it has grown. This last is the course which my own judgment approves, which I earnestly hope will be followed by every company engaged in this business, and unto that end I invite your discriminating support of the following program of procedure:

As to premium rates: Let us determine to quit (and honestly effectuate that decision as rapidly and as completely as is at all possible) the crude, senseless and unfair practice of rating risks down or up according

to the presence or absence or the strenuousness of competition. Let us adopt, not in word only, but in deed and in truth, the practice of co-operation in uniform rate-making and rate maintenance along scientific, adequate and strictly fair lines wherever the laws permit; and where they do not permit, let us go as far as we may legally go in sympathetic and non-destructive efforts to prove to all our policy-holders that each of them is treated just as fairly as all the others. In every state where rate-making agreements under state supervision are legalized let us contribute our best assistance toward demonstrating to the supervising official and to our patrons that such agreements provide the most effective method of determining the adequacy and fairness of rates, and therefore of safeguarding the solvency of the companies and protecting the interests of the policy-holder and of his injured employees. In every one of the many states where rate-making agreements under state supervision are not now legalized let us inaugurate at the earliest practicable date and prosecute vigorously and persistently movements for their establishment. Moreover, while, so far as competition is concerned, rates should be uniform, and while the basic rate should represent the average risk, there should be an increase or a reduction, according as the equipment and management of the employer are below or above the standard. The careful employer should be rewarded and the careless penalized. If employers will not be careful for humane reasons, make them careful by pocketbook arguments. The installation and maintenance of safety appliances should be reflected in their premiums. Such a method of rating is so thoroughly logical as to appeal successfully to all reasoning employers.

Whether the old system of negligence liability or the new system of workmen's compensation be in vogue, let us follow everywhere this same self-respecting, intelligent, equitable and hostility-disarming rate program.

As to agents' commissions: A definite and definitely announced line should be drawn by every chief executive and enforced by him upon every subordinate and upon every field man against any increase, open or disguised, in the cost of producing business. No desire to build or to enlarge or reinforce an organization should impel, and no pressure, however threatening, and no plea, however persuasive, should induce the slightest trespass beyond this line. For to increase the present cost of production, which is already excessive, will thrice arm our enemies. But that is merely negative, and is not enough. With discriminating and clear judgment, and with careful regard for existing conditions and obligations, our steady, patient and unceasing effort should be unitedly put forward to reduce the cost of production and to give the policy-holder the benefit of that reduction in his premium rate. Real performance of this sort is the only way, and it is a surely certain way, to convince the assured from whom our income is derived that their complaint of "too much rake-off to the middleman" is no longer valid.

Within a week after this address had been prepared the Superintendent of Insurance of the State of New York, W. T. Emmet, Esq., addressed to the companies a letter from which I quote the following:

"The condition in the liability business has become so serious that this department intends to hereafter call the various companies to strict account in their conduct of this class of business.

"The companies generally have been and now are writing liability business at a premium insufficient to take care of the losses and expenses. This method of doing business means a loss to the companies, and its continuance will mean insolvency.

"A study of the loss reserves of the various companies shows that practically every one of them has set aside an insufficient amount to take care of future losses on its liability business, although the reserve is computed in accordance with the present loss reserve law.

The expenses chargeable against this class of business are excessive, and in view of this situation it would seem that the aim of the various companies should be to remedy this condition by securing adequate premiums and by reducing expenses to a minimum. But the contrary is the fact. Competition is the basis for the underwriting, and the same influence is responsible for the high commissions now being paid on this class of business.

* * * * *

"This department will insist upon the companies conducting their liability business upon a sound basis, and in particular as follows:

"First — Basing their underwriting upon statistical experience and the physical and moral hazard of each individual risk and free from the influences of competition.

"Second — Commissions not to exceed the percentages stated above.

"Third — Administration expenses to be minimized.

"It is hoped that the various companies will co-operate with this department in bringing about the reforms needed in the conduct of this business, and which will be beneficial alike to the companies and the insuring public."

Such a definite, timely and friendly warning from such an authority is of the greatest importance. Not to heed and obey it immediately would be the supremest folly.

As to claims: The old system of negligence liability still prevails over the major portion of the country so far as the statutes and the common law are concerned. But in practice the results have become very noticeably affected by the prevailing sentiment in favor of the new system of workmen's compensation, so that in a constantly augmenting stream of cases verdicts and judgments in entire or effectual disregard of precedent and of actual law as it exists are being rendered in favor of plaintiffs. The position of the companies would be difficult enough were that the only condition they must meet. But the enmity against us, which, of course, is manifested right here in a very practical and very aggravating way, frequently enhances the perplexities of the problem almost to the point of despair. And yet, as sometimes happens, the very tensivity of the situation suggests the course to be pursued. We have seen that one of the primal causes of the hostility against us is the substitutionary nature of an employers' liability policy and the consequent general misunderstanding of our position with reference to the injured. So, then, since the courts are more and more disposed to anticipate in their decisions the enactment of workmen's compensation laws, let me suggest that with every policy there should go to the assured a carefully-written letter, explaining fully the nature of the insurance, the attitude of the public and the courts; explaining, too, that the steadily-climbing loss ratio thus produced means an unavoidable rate advance, and pointing out the fact that the interests of the assured and of the company coincide in requiring of him and his subordinates two things — (a) the adoption and use of every possible precaution for the prevention of accidents, and (b) immediate co-operation with us in the investigation and disposition of claims when injuries occur, in order to avoid litigation and to maintain friendly relations with the employees. Hostility will find no congenial soil where such relations of humane and fair-minded co-operation between the company, the employer and the employee are thus introduced and fostered by good service on our part.

But another and very different kind of work is obligatory upon us, I venture to declare, in these states which have not yet enacted work-

men's compensation laws. We must contribute our very best assistance toward their enactment. It is not pertinent to my subject to discuss the details of such laws, but there is one feature upon which we should unequivocally declare ourselves. Every such law should protect the injured workman against the insolvency of his employer by validating his claim against the insurance company directly. Such a provision operates also to prevent or diminish litigation. When we can once convince the labor organizations that under such laws the casualty companies will thus surely protect the employees, one strong element in their hostility will be changed into friendship.

We can no longer, I respectfully, but earnestly, urge, subject ourselves by silence to the charge that we oppose this reform. In reaching this conclusion I have traversed in my own mind, I believe, every aspect of the subject. Its complexities, the conflicting interests involved and our relations to these interests, the unanimous, long-held, and at one time perhaps wisely held, opinion that the silent policy was the one for us, have not been lightly considered by me. And I repeat that the casualty companies as a unit and through appropriate and carefully chosen channels of expression should align themselves openly and with all possible discretion and effectiveness with those who are advocating workmen's compensation laws. Such action, thus taken, not by one company or a few, but by all, or nearly all, will swiftly produce these results: first, a sharp distinction between workmen's compensation laws and state insurance; second, an opportunity to form alliances with all fair-minded and honest advocates of this reform in opposition to the prejudiced and the grafters, and third, a cessation of that large element in the hostility to us which proceeds from the belief that we are sponsors for the old system and are upholding it with all its evils.

What shall we do in those states which have enacted workmen's compensation laws without the embargo of state insurance? There we face the forks of the road, and we can take either. On the one hand, we may pursue the same old plan of operation as to rates, expenses and claims which has been so largely responsible for our present troubles. If we take that path, we will find that the warning already given by some of our best friends will be fulfilled, and that the road will very soon end in state insurance. On the other hand lies a fair opportunity to begin right with new conditions made by the new law. Every rate should be susceptible of easy justification on grounds of equity and merit; every item of expense should be as low as is commensurate with a reasonable appraisal of services rendered; every claim should be adjusted in strict accordance with the schedule provided by the law — no more, for that would mean partiality, unfair bidding for favor and interference with correct bases of loss cost calculations; no less, for that would mean robbing the claimant — and every care should be taken to bring down to the irreducible minimum, if there be such a thing, the trade hazards to life and limb. Such an opportunity for the exercise of constructive common sense and of the broadest minded business equity under entirely new and therefore unspoiled conditions is rarely open on so large a scale to so well equipped a group of organizations as the casualty companies. It is a prospect delightful to contemplate. If we are wise enough to improve it frankly and at once, we need not live much longer in dread of state insurance, for the hostility which has given birth to that monstrous, but real, peril will have ceased to exist. Shall we play the fool and plunge along the old road to destruction, or shall we turn our feet into the path of wisdom and live? Our destiny is in our own hands.

In the past the logic of conditions ought to have brought about concordance of effort among the companies. At this moment our common exposure to open and intense hostility would seem to drive us into a solidarity of defense. If we hope to survive unto a future of continuance in the business of insuring employers, we must, to use Ben Franklin's



H. R. Woodward

CHAIRMAN SUB-COMMITTEE OF EXECUTIVE COMMITTEE
ON CONVENTION

famous phrase, "all hang together, or we will each hang separately." The past, the present and the future, therefore, point to the Workmen's Compensation Service Bureau as the instrumentality into the strengthening of which every company in this branch of insurance should put its loyal support and its most active and intelligent efforts. It has already proven abundantly its value in its hitherto comparatively limited range. It has already formulated plans for enlarged usefulness. It can readily put into effect such a program as I have herein suggested if it be approved. The companies now composing its membership write 86.1 per cent. of the total liability business of the United States. That figure ought to go up to a full 100 per cent. Lest my advice at this point be considered the biased utterance of a bureau partisan, let me reinforce it by quoting from a very recent report of an examination of a non-bureau company, made jointly by the insurance departments of Oklahoma, Kentucky, Tennessee and New York, as follows:

"During the course of this examination we have made a comparison of the rates charged by this company on this class of business with the rates in the various manuals as promulgated by the Workmen's Compensation Service and Information Bureau. The rates as promulgated by this bureau are, to a large extent, based upon the combined experience of a number of casualty companies writing this class of insurance. The comparison of the rates shows that this company is not securing manual rates on this class of business."

In this discussion I have used language which may have seemed unfairly censorious of ourselves and unduly alarming as to our present and future. If I have created that impression, I can only say that I have uttered no more than what I believe to be the truth as to past occurrences, present conditions and future possibilities. The conviction was clear in my mind that the time had come to talk plainly of these aspects of our business. If you differ from me, I am truly sorry, but none the less sure that I am right. If you agree with me, then let us all unite at once in bending all our energies co-operatively into the application of every available remedy, and we are bound to succeed.

To end where I began, our business can only be permanent when it is a real public benefaction. We can make it more so than ever to more people than ever in more ways than ever. We are passing through a period of evolutionary transition, and we are experiencing all the pangs of a new birth. But we shall emerge, and are even now emerging, into a larger mission of industrial serviceableness.

There is a better, wiser, sounder, saner day coming for the workman, for the employer and for their necessary ally and bulwark — the casualty insurance company. We must not impede its coming. We must speed it onward by all the might of clear heads and sound hearts.

**Address of Hon. William Chubb, Insurance Commissioner of the
Province of Quebec, Canada**

Mr. Chairman, Ladies and Gentlemen: I am happy to have this opportunity of greeting your association as a body. Until the last few days I had practically no knowledge of the objects for which this association was formed, but I am glad to say that I am now able to appreciate, after attending your sessions during the past few days, the importance of the work that you are accomplishing, not only in behalf of your own companies, but in behalf of the public whom they serve. I wish you all the success possible in your labors, and in particular, that you may be able to create that faith in the public that is one of the chief endeavors of your association. When that is accomplished, there can be, of course, no doubt of the future success of the various forms of insurance which you are transacting. As you are aware, sir, as Provincial Superintendent, I have very little to do with your companies. Of course, if ever you have any occasion to come to Quebec for information, I am always ready to do my best for you. I am interested in the progress made by the casualty, guarantee and other forms of insurance which you transact. I have been very glad to attend this convention, and to profit by the papers that I have listened to, and also by the literature which you have provided so freely. I am not going to take up any more of your time. You gentlemen came here primed for the discussion of very important topics. You have practically finished your labors and you are now going to devote your time to recreation. I will therefore not attempt to emulate the darky preacher of whom an anecdote was told upon one Sunday morning in making an announcement to the congregation. He said, "Brethren and sisters, I'se going to preach a powerful sermon this morning. I'se going to explain the unexplainable. I'se going to define the undefinable, and I'se going to unscrew the unscrutable."

When Mr. Emo invited me to attend your convention he intimated that if I cared to prepare a paper to read to you, he was quite sure you would listen to it. At first I was tempted to do so. Naturally here was an opportunity to show what I know or do not know about insurance matters. So I started to write an address, in which I was going to propound certain of my own views with regard to certain features of your branches of insurance. I had done a certain amount of dilettante reading on these matters. I am very much interested in the general trend of insurance legislation, and in the effects I see produced by the general unrest that exists to-day practically throughout the whole civilized world, resulting from an unequal distribution of the world's goods, of course. But I called a halt after considering the matter seriously. I went up against a very hard fact. The more I rapped at it, the more adamant it appeared to me. It was this, no matter what topic I might chose to speak upon, I was going to address an audience of experts, who from practical experience must necessarily know a great deal more than I do. I feared that I might perhaps perform that very easy feat of opening my mouth to put my foot in it. That is the sort of an accident you have not yet provided against. So I am going to relieve you of any feeling that you are going to be called upon to listen to anything of a deep nature. I am merely going to wish you every success for your association, and I do hope that I may have on some future occasion another chance of listening to your deliberations.

Report of Committee on Credentials

Ætna Accident & Liability Company, Hartford, Conn.

Walter C. Faxon, Vice-President.
J. Scofield Rowe, Secretary.
Rawdon W. Myers, Assistant Secretary.

Ætna Life Insurance Company, Hartford, Conn.

Walter C. Faxon, Vice-President.
J. Scofield Rowe, Vice-President.
John M. Parker, Jr., Secretary.
Ernest C. Higgins, Secretary.
William L. Mooney, Agency Supervisor.

American Casualty Company, Reading, Pa.

E. P. Van Reed, President.

The Canadian Railway Accident Insurance Company, Montreal, Can.

John Emo, General Manager and Secretary.

Columbian National Life Insurance Company, Boston, Mass.

William C. Johnson, Vice-President.

Commercial Casualty Insurance Company, Newark, N. J.

H. C. Mitchell, Vice-President and General Manager.
J. Horace Shale, Manager Claim Department.
Charles Foulke, Claim Adjuster in Philadelphia.
Lawrence J. McCormick, Attorney in Baltimore.

**The Commercial Travelers Mutual Accident Association of America,
Utica, N. Y.**

Henry D. Pixley, President.
George S. Dana, Secretary-Treasurer.
John R. Lewis, Director.
Theo. M. Glatt, Director.
Jesse E. Jones, Director.
M. W. Van Auken, General Counsel.

Continental Casualty Company, Chicago, Ill.

R. W. Hyman, Vice-President.

**The Dominion Gresham Guarantee & Casualty Company, Montreal,
Canada.**

Frank J. J. Stark, General Manager.

**The Employers' Liability Assurance Corporation, Limited, London,
England. (United States Branch, Boston, Mass.)**

Charles H. Hall, Superintendent Burglary and Plate Glass
Department.

**European Accident Insurance Company, Limited, London, England.
(United States Branch, New York, N. Y.)**

R. W. Folsom, Managing Director.
Arthur S. Boyd, Vice-President.

The Fidelity & Casualty Company, New York, N. Y.

Hedley R. Woodward, Vice-President.
William H. Boehm, Superintendent Steam Boiler and Fly-Wheel Department.

Fidelity & Deposit Company, Baltimore, Md.

William Hugh Harris, Vice-President.
W. B. Athey, Special Attorney.

German Commercial Accident Company, Philadelphia, Pa.

Horace B. Meininger, Secretary and Manager.

Hartford Steam Boiler Inspection & Insurance Company, Hartford, Connecticut.

Lyman B. Brainerd, President.

The Imperial Guarantee & Accident Insurance Company, Toronto, Canada.

Geo. K. Martin, Superintendent at Montreal, Can.

Indemnity Life & Accident Company, Minneapolis, Minn.

Chas. P. Iler, Vice-President.

London & Lancashire Guarantee and Accident Company, Toronto, Canada.

C. E. Sword, President-Secretary.

Maryland Casualty Company, Baltimore, Md.

John T. Stone, President.
F. L. Templeman, Manager Accident and Health Dept.
J. W. Rausch, Manager Boiler and Fly-Wheel Dept.

Masonic Mutual Accident Company, Springfield, Mass.

Samuel W. Munsell, Secretary and General Manager.

Massachusetts Accident Company, Boston, Mass.

G. Leonard McNeill, President and General Manager.
E. Prescott Rowe, Treasurer.
Henry S. Rowe, Director.
Frederick S. Moore, Manager Commercial Department.

Massachusetts Bonding & Insurance Company, Boston, Mass.

C. Clarke Howard, Manager Accident Department.
Henry D. Clarke, Superintendent Plate Glass Department.

Missouri Fidelity & Casualty Company, Springfield, Mo.

W. L. Taylor, President.

New Amsterdam Casualty Company, New York, N. Y.

George E. Taylor, Secretary.
H. W. Cliff, Superintendent Plate Glass Department.

New England Casualty Company, Boston, Mass.

Corwin McDowell, President.

New Jersey Fidelity & Plate Glass Insurance Company, Newark, N. J.

Victor E. H. Hoagland, Vice-President.
H. C. Hedden, Secretary.

The Order of United Commercial Travelers of America, Columbus, Ohio.

M. D. Murphy, Member Executive Committee.
H. L. Doud, Supreme Attorney.

Preferred Accident Insurance Company, New York, N. Y.

Wilfrid C. Potter, Secretary.
Franklin J. Moore, General Manager Casualty Dept.

Royal Indemnity Company, New York, N. Y.

C. H. Holland, Vice-President and General Manager.
M. E. Jewett, Executive Superintendent.
E. B. Anderson, Superintendent Burglary and Plate Glass Department.
T. W. Rucker, Jr., Agency Superintendent.
E. E. Bradley, Superintendent Accident & Health Dept.

The Travelers Insurance Company, Hartford, Conn.

Benedict D. Flynn, Assistant Secretary.
John Edgar Ahern, Secretary Accident Department.
David N. Case, Chief Adjuster.

United States Fidelity & Guaranty Company, Baltimore, Md.

Raymond D. Steele, General Superintendent Casualty Dept.

Western Travelers Accident Association, Omaha, Neb.

William H. Butts, Secretary-Treasurer.

Individual Members

Edward Griffith, of E. E. Clapp & Company, 90 William Street, New York, N. Y.

Bayard P. Holmes, Hooper-Holmes Information Bureau, 80 Maiden Lane, New York, N. Y.

F. Robertson Jones, Secretary-Treasurer Workmen's Compensation Publicity Bureau, 80 Maiden Lane, New York, N. Y.

Dr. W. Edward Magruder, Adjuster of Claims for Accident and Health Insurance Companies, Baltimore, Md.

Honorary Member

James V. Barry, Assistant Secretary, Metropolitan Life Insurance Company, New York, N. Y.

REPORT OF THE EXECUTIVE COMMITTEE

Meetings of the Committee

There have been five meetings of the Executive Committee of the Association since the last annual meeting at the Hotel Chamberlin, Old Point Comfort, Fortress Monroe, Virginia, August 13th-16th, 1912. All of these meetings were held in New York City, with the exception of the last, which was held at the Chateau Frontenac, Quebec, Canada, — and on the following dates: April 10th, 1913; May 9th, 1913; May 16th, 1913; June 26th, 1913, and July 7th, 1913.

At all of the meetings, with one exception, there has been a good attendance of the members, and even in the case of that exception, there were sufficient proxies held to give the necessary quorum for the transaction of business.

Resignation of William BroSmith from the Presidency of the Association

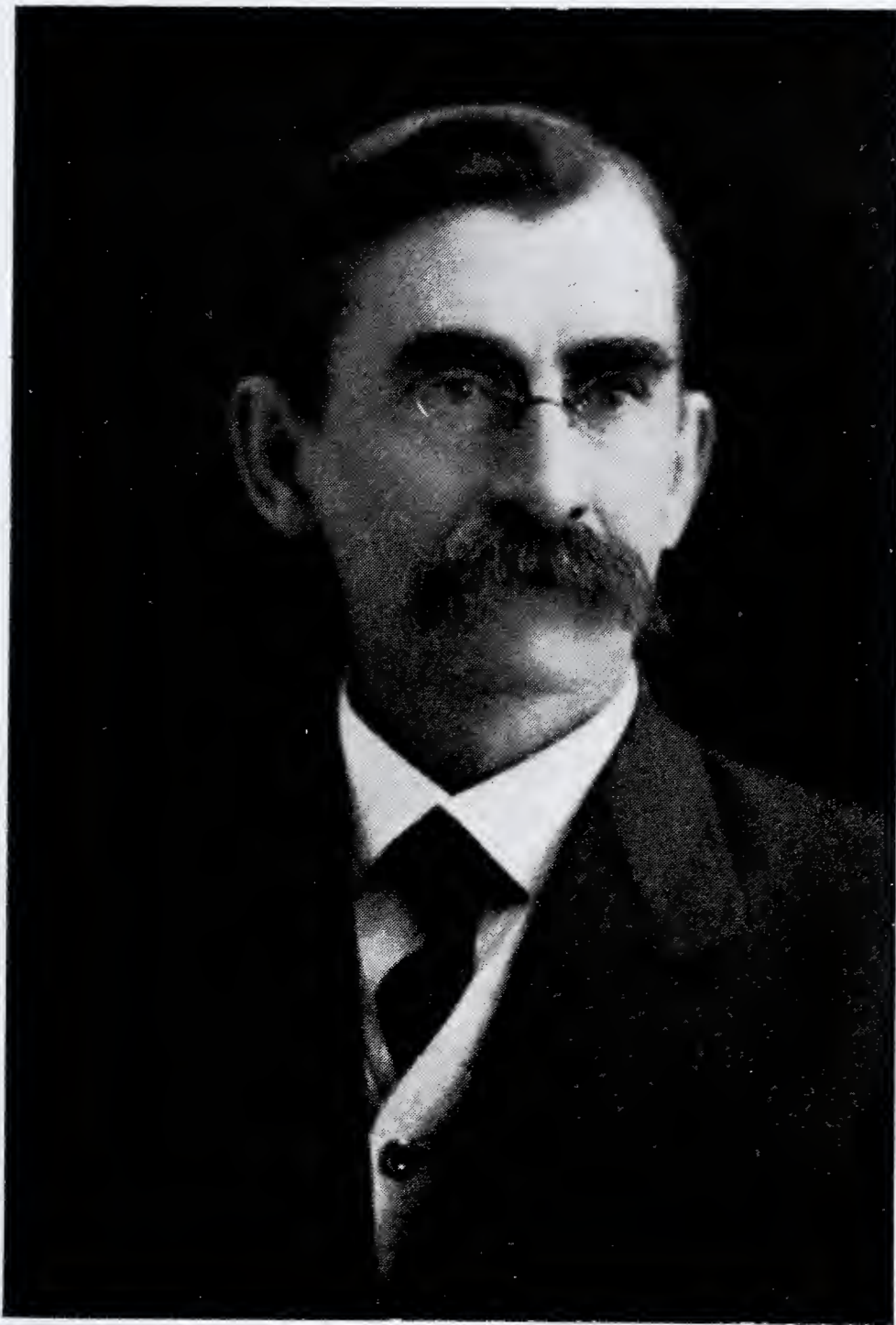
The Committee regrets exceedingly to announce the resignation from the presidency of Mr. William BroSmith, who has rendered faithful, intelligent and praiseworthy service in that capacity since the inception of this organization. He was, in fact, one of the founders of this Association, having been chairman of the committee that drafted its Constitution and By-Laws, and was for many years prominently identified in official capacities with the development and progress of one of its predecessors, the International Association of Accident Underwriters.

Mr. BroSmith tendered his resignation in a letter addressed to the Chairman of this Committee, under date of April 14th, 1913. Earnest efforts were made by the Chairman and individual members of the Committee, and by the Committee collectively, to induce Mr. BroSmith to reconsider his resignation, but without success. Consequently, at the meeting held in New York City on May 9th, 1913, at which every member present expressed regrets that the President found it necessary to insist upon his resignation, it was voted as follows:

VOTED: That the resignation of William BroSmith, President of the Association, be regretfully accepted, and that the appreciation of the Executive Committee, on behalf of itself and of the Association, of the highly efficient, loyal and intelligent services of the President be hereby recorded.

Election of Charles H. Holland, President of the Association

The Committee thereupon, at the same meeting, appointed a Committee of Three to make a nomination for the presidency to fill out the unexpired term of Mr. BroSmith. This committee reported at the meeting held on May 16th, 1913, in New York City, nominating Charles H. Holland, Vice-President and General Manager of the Royal Indemnity Company, New York, for the office. The Executive Committee thereupon unanimously approved the selection of its subcommittee and declared Mr. Holland elected.



F. Willans

CHAIRMAN RECEPTION COMMITTEE

The Executive Committee appreciates very much indeed the personal sacrifice that Mr. Holland has made in accepting the presidency and his loyalty to the Association in setting aside his personal wishes and convenience out of a single-minded regard for the highest interests of this organization. It is confidently expected that every member of the Association will rally enthusiastically to the support of the President in his laudable efforts to develop the organization to a point where its practical results will square in every particular with the ideal purposes set forth in its Constitution and By-Laws.

Accessions to Membership

Since the last convention there has been one accession to the regular and one to the individual membership, respectively, as follows: Interstate Business Men's Accident Association, Des Moines, Iowa, and F. Robertson Jones Secretary-Treasurer Workmen's Compensation Publicity Bureau, New York, N. Y.

These additions now make our membership total eighty, composed of seventy-five company and four individual members, and one honorary member—a net gain of two members over last August, at which time there were seventy-four company members, three individual members, and one honorary member, or a total of seventy-eight.

Proposed and Enacted Legislation

During the past year your Committee has not been under the necessity of considering legislative bills that affected in one way or another the various lines of our business, owing to the fact that this branch of our work is now efficiently administered by the Hartford Bureau of Publicity and the Workmen's Compensation Publicity Bureau—these Bureaus, although neither of them has any immediate official connection with this Association, yet their membership is made up almost exclusively of members of this organization. Had the duty of watching legislation, opposing obnoxious bills and favoring proposed beneficial legislation fallen upon your Committee this year we must have admitted our inability to look after it with the slightest pretense at efficiency. There have been forty-four legislative bodies in session during the past year, including special sessions. Furthermore there have been introduced approximately twenty-two hundred bills that more or less affected our interest, of which six hundred and eighty-four were of considerable importance. A good idea of the amount of proposed and enacted legislation may be had when attention is called to the fact that two hundred and nine Workmen's Compensation bills were introduced in the various legislatures during the year and new bills were enacted or old ones amended in eighteen states.

Another illustration of the importance of the legislation passed during the present year may be had in the number of bills introduced and enacted establishing standard provisions for accident and health insurance policies—or otherwise modifying existing contracts. Your Committee will not go into detail with regard to this particular species of legislation for the reason that the Chairman of the Standing Committee of the Accident and Health Section (Stock Companies) will undoubtedly incorporate in his address the facts of interest relating to this subject.

Co-operation with other Organizations

We may say this year as we did last year that “your Committee has had in mind constantly the advantages of hearty co-operation with other organizations in matters of common interest wherever it might be productive of good results.” Following that well-established policy of this Association, your Committee has maintained friendly and close relations

with the Hartford Bureau of Publicity, the Workmen's Compensation Publicity Bureau, the Workmen's Compensation Service Bureau, the Surety Association of America, the Association of Life Insurance Presidents, New York Board of Fire Underwriters, the National Association of Manufacturers, and in a number of instances the Committee of the National Convention of Insurance Commissioners.

Your Committee still feels, however, that much more may be accomplished in this direction. There are numerous matters of urgent importance in common between the various branches of the vast field of insurance. Such for example as taxation, state-managed insurance, special deposits, agents' licenses, license fees, capitalization, etc., etc. Would it not be well for this convention to appoint a special committee on co-operation with other organizations? Your Committee feels very strongly that the time is ripe for the appointment of such a committee.

The Sections

The practice has been followed at the meetings of your Committee of calling for a report from the Chairman of the Standing Committee of each section as to what progress had been made during the time intervening since the preceding meeting towards a solution of the general and special problems incident to his particular section. Although a certain degree of activity is shown in some of these reports, yet we think there is an opportunity for broadening their activities. The Personal Accident and Health Section (Stock Companies) and the Liability Section have been particularly active during the past year.

At a meeting of the Executive Committee held April 10, 1913, Mr. Hedley R. Woodward, Chairman of the Personal Accident and Health Section (Stock Companies) rendered an informal report to the effect that the Standing Committee of that Section, to which the Second Annual Convention, August, 1912, referred the matter of policy changes, had not been able to reach a unanimous agreement prior to January 1, 1913, — the date set by the convention when such policy changes were to have become effective. Your Committee, however, in this report will not attempt to go into details with regard to the work of this Committee, but will leave that to the Chairman of the Standing Committee, who is likewise chairman of this section, who will no doubt incorporate in his report the salient facts.

At the same meeting, Mr. J. Scofield Rowe, Chairman of the Liability Section (including Automobiles and Teams) likewise rendered an informal report of the work accomplished at the special meetings of his section. These meetings were held at Hotel Astor, New York City, November 26 and December 4, 1912, when the following subjects were considered:

1. Organization of the Workmen's Compensation General Inspection and Classification Bureau.
2. Co-operation with the National Association of Manufacturers.

The chairman of that section, however, will no doubt make the results accomplished at these special meetings the subject of special consideration in his report at the sectional meeting during this convention.

Special Committees

At a meeting of the Committee held May , 1913, a special committee was appointed on the Time, Place and Progress of the Next Annual Convention. The personnel of this committee was as follows: Hedley R. Woodward, Chairman, Charles H. Holland, F. Robertson Jones, George E. Taylor, and Victor E. H. Hoagland. This sub-committee held numerous

meetings and organized the present convention. Invitations to hold the convention were received from a large number of desirable places including Chateau Frontenac, Quebec; Hotel Samoset, Rockland, Maine; The New Mount Kineo House, Moosehead Lake, Maine; the Stevens House, Lake Placid, New York; Hotel Otesaga, Cooperstown, New York; The New Mathewson, Narragansett Pier, R. I.; Hotel Griswold, New London, Conn.; Hotel Marlborough-Blenheim, Atlantic City, N. J.; Thousand Island House, Alexandria Bay, N. Y.; Royal Muskoka Hotel, Muskoka Lakes, Canada; Hotel Wentworth, New Castle, N. H. Accommodations could be secured at these hotels during the first part of July, but not later in the summer. For that reason the committee decided to fix the time of this convention from July 8 to 11 inclusive.

The Committee effected its organization through the appointment of the following committees:

Credential Committee

Corwin McDowell, *Chairman*, President New England Casualty Co.
John M. Parker, Jr., Secretary Ætna Life Insurance Co.
Victor E. H. Hoagland, Vice-President New Jersey Fidelity & Plate Glass Insurance Co.

Reception Committee

E. Willans, *Chairman*, General Manager The Imperial Guarantee & Accident Insurance Co.
Richard Deming, Vice-President American Surety Company.
Wilfrid C. Potter, Secretary Preferred Accident Insurance Co.

Banquet Committee

Edward Griffith, *Chairman*, of E. E. Clapp & Company.
M. W. VanAuken, General Counsel Commercial Travelers' Mutual Accident Association of America.
Bayard P. Holmes, of Hooper-Holmes Information Bureau.

Entertainment Committee

John Emo, *Chairman*, General Manager and Secretary The Canadian Railway Accident Insurance Company.
George E. Taylor, Secretary New Amsterdam Casualty Company.
John E. Ahearn, Secretary Accident Department The Travelers' Insurance Company.

Press Committee

Bayard P. Holmes, *Chairman*, of Hooper-Holmes Information Bureau.

George E. McNeill Medal Committee

The George E. McNeill Medal Committee has devoted considerable time and energy to the obligations placed upon it. The report of this committee will be rendered by its chairman, Mr. G. Leonard McNeill, in the form of the usual attractive printed pamphlet.

Committee on Standard Manual and Uniform Classification of Risks

The Standard Manual and Uniform Classification of Risks Committee, of which Mr. John M. Parker, Jr., is chairman, has discharged with commendable zeal the special obligations assigned to it. A large number of copies of the Standard Manual has been printed and distributed.

Auditing Committee

The Auditing Committee, of which Mr. William F. Moore is chairman, during the entire year has promptly and efficiently passed upon all bills contracted by the authorized officials—without which prompt action the easy working of the machinery of the Association would have been materially interfered with.

International Claim Association

Although the International Claim Association has now no official connection with this organization, yet there is a very close relationship due to the facts that the one is parent to the other, and the company membership of each is in most instances identical.

This Association is doing wonderfully fine work and embodies a report of that work and the proceedings of its annual conventions in a Year Book.

Although Dr. Clovis M. Taylor, President of the International Claim Association, will of course not render any formal report at this convention, yet it is expected that an informal report will be made on his behalf by Mr. Bayard P. Holmes, delegate to this convention.

Proceedings of the Second Annual Convention

Under the By-Laws, your Committee has the duty and the authority of supervising the compilation, publication, and distribution of the Proceedings of this Association by the Secretary. This authority is in no way limited—discretionary power resting entirely with the Committee. Acting under this authority, your Committee supervised the compilation, publication, and distribution of the Proceedings of the Second Annual Convention—a pamphlet comprising two hundred and twelve printed pages.

As has been customary, three copies of these Proceedings were sent to each member of the Association, a copy to each Insurance Commissioner of this Country and Canada, and a copy to each library of importance throughout the United States. As evidence of the interest of the general public in the contents of the printed Proceedings of the Convention, we may cite the numerous requests that come in to the Secretary from different parts of the country for not only copies of the last, but likewise for earlier conventions.

All of which is respectfully submitted on behalf of the Committee.

[Signed] H. G. B. ALEXANDER,
Chairman.



Edward H. Spith

CHAIRMAN BANQUET COMMITTEE

Report of the Secretary

July 8, 1913.

TO THE OFFICERS AND MEMBERS OF THE INTERNATIONAL ASSOCIATION OF
CASUALTY AND SURETY UNDERWRITERS.

Gentlemen: The membership of this Association now embraces (75) companies, four (4) individual members, and one (1) honorary member, as against seventy-four (74) companies, three (3) individual members, and one (1) honorary member shown by the roll of members printed in the Proceedings of the Second (1912) Convention.

Since the second annual convention of the Association the following company has been admitted to membership:

Inter-State Business Men's Accident Association, Des Moines, Iowa, and to the individual membership Mr. F. Robertson Jones, Secretary-Treasurer Workmen's Compensation Publicity Bureau, New York, N. Y., has been admitted.

The following is a complete list of the members of the Association at the present date:

Aetna Accident & Liability Company, Hartford, Conn.
Aetna Life Insurance Company, Hartford, Conn.
American Assurance Company, Philadelphia, Pa.
American Casualty Company, Reading, Pa.
American Fidelity Company, Montpelier, Vt.
American Surety Company, New York, N. Y.
Bankers Accident Insurance Company, Des Moines, Iowa.
The Canadian Railway Accident Insurance Company, Montreal, Canada.
Casualty Company of America, New York, N. Y.
Columbian National Life Insurance Company, Boston, Mass.
Commercial Casualty Insurance Company, Newark, N. J.
Commercial Travellers Eastern Accident Association, Boston, Mass.
Commercial Travelers Life & Accident Association, Cleveland, Ohio.
Commercial Travelers Mutual Accident Association of America, Utica, N. Y.
Commonwealth Casualty Company, Philadelphia, Pa.
The Connecticut General Life Insurance Company, Hartford, Conn.
Continental Casualty Company, Chicago, Ill.
The Dominion of Canada Guarantee & Accident Insurance Company, Toronto, Canada.
The Employers Indemnity Company, Philadelphia, Pa.
The Employers' Liability Assurance Corporation, Ltd., London, England. (United States Branch, Boston, Mass.)
The Equitable Accident Company, Boston, Mass.
European Accident Insurance Company, Ltd., London, England. (United States Branch, New York, N. Y.)
The Fidelity & Casualty Company, New York, N. Y.

Fidelity & Deposit Company, Baltimore, Md.
 Frankfort General Insurance Company, Frankfort, Germany. (United States Branch, New York, N. Y.)
 General Accident, Fire & Life Assurance Corporation, Ltd., Perth, Scotland. (United States Branch, New York, N. Y.)
 General Accident Assurance Corporation, Toronto, Canada.
 German Commercial Accident Company, Philadelphia, Pa.
 Globe Indemnity Company, New York, N. Y.
 Great Eastern Casualty Company, New York, N. Y.
 Great Western Accident Association, Des Moines, Iowa.
 Hartford Steam Boiler Inspection & Insurance Company, Hartford, Conn.
 Illinois Commercial Men's Association, Chicago, Ill.
 The Imperial Guarantee & Accident Insurance Company, Toronto, Canada.
 Indemnity Life & Accident Company, Minneapolis, Minn.
 International Re-Assurance Company, Ltd., Vienna, Austria. (United States Branch, New York, N. Y.)
 Inter-State Business Men's Accident Association, Des Moines, Iowa.
 Iowa State Traveling Men's Association, Des Moines, Iowa.
 The Law, Union & Rock Insurance Company, Ltd., London, England. (Canadian Branch, Montreal, Canada.)
 Lloyds Plate Glass Insurance Company, New York, N. Y.
 London Guarantee & Accident Company, Ltd., London, England. (Canadian Branch, Toronto, Canada.)
 London Guarantee & Accident Company, Ltd., London, England. (United States Branch, Chicago, Ill.)
 London & Lancashire Guarantee and Accident Company, Toronto, Canada.
 The Loyal Protective Insurance Company, Boston, Mass.
 Maryland Casualty Company, Baltimore, Md.
 Masonic Mutual Accident Company, Springfield, Mass.
 Massachusetts Accident Company, Boston, Mass.
 Massachusetts Bonding & Insurance Company, Boston, Mass.
 The Metropolitan Casualty Insurance Company, New York, N. Y.
 Missouri Fidelity & Casualty Company, Springfield, Mo.
 Munich Re-Insurance Company, Munich, Germany.
 National Casualty Company, Detroit, Mich.
 National Life Insurance Company, Chicago, Ill.
 National Masonic Provident Association, Mansfield, Ohio.
 National Surety Company, New York, N. Y.
 New Amsterdam Casualty Company, New York, N. Y.
 New England Casualty Company, Boston, Mass.
 New Jersey Fidelity & Plate Glass Insurance Company, Newark, N. J.
 The New York Plate Glass Insurance Company, New York, N. Y.
 The North American Accident Insurance Company, Chicago, Ill.
 The Ocean Accident and Guarantee Corporation, Ltd., London, England. (United States Branch, New York, N. Y.)
 The Order of United Commercial Travelers of America, Columbus, Ohio.
 The Pacific Mutual Life Insurance Company, Los Angeles, Cal.
 Preferred Accident Insurance Company, New York, N. Y.
 Prudential Casualty Company, Indianapolis, Ind.
 Royal Indemnity Co., New York, N. Y.
 The Standard Accident Insurance Company, Detroit, Mich.
 The Title Guarantee & Surety Company, Scranton, Pa.
 The Travelers Insurance Company, Hartford, Conn.
 Union Casualty Insurance Company, Philadelphia, Pa.
 United States Casualty Company, New York, N. Y.
 United States Fidelity & Guaranty Company, Baltimore, Md.
 United States Health & Accident Insurance Company, Saginaw, Mich.
 Western Travelers Accident Association, Omaha, Neb.
 Woodmen Accident Association, Lincoln, Neb.

INDIVIDUAL MEMBERS

Edward Griffith, of E. E. Clapp & Co., 90 William Street, New York, N. Y.
Bayard P. Holmes, Hooper-Holmes Information Bureau, 80 Maiden Lane,
New York, N. Y.

F. Robertson Jones, Secretary-Treasurer, Workmen's Compensation Publicity Bureau, 80 Maiden Lane, New York, N. Y.

Dr. W. Edward Magruder, Adjuster of Claims for Accident and Health Insurance Companies, Baltimore, Md.

HONORARY MEMBER

James V. Barry, Assistant Secretary Metropolitan Life Insurance Company, New York, N. Y.

During the past year the Executive Committee has held five meetings, each of which considered matters of the utmost importance to the Association. The meetings were held as follows: At New York, April 10, 1913, May 9, 1913, May 16, 1913, and June 26, 1913; at Quebec, Canada, July 7, 1913.

As the report of the Executive Committee has covered all of these matters in some detail, your Secretary will not attempt to outline the work done and the results accomplished. There will no doubt, likewise, be still more detailed reports presented to this convention by the committee and sub-committees appointed to cover these activities.

At all of the meetings of the Executive Committee there has been a fair attendance of the members of the committee.

Respectfully submitted,

F. ROBERTSON JONES,
Secretary.

Report of the Treasurer

July 8, 1913.

TO THE OFFICERS AND MEMBERS OF THE INTERNATIONAL ASSOCIATION OF
CASUALTY AND SURETY UNDERWRITERS.

Gentlemen: I beg to submit the following report of my transactions as Treasurer of your Association for the year 1912-1913:

RECEIPTS

Balance in Bank August 1st, 1912.....	\$3,196.09
From members for annual dues 1914 and entrance fees.....	3,075.00
Sale of Manuals, Supplements and Plates.....	949.65
Extra Covers Banquet last Convention.....	135.00
Sum received as an assessment made upon companies members of the Association to reimburse the Bureau of Publicity for a sum expended for the services and expenses P. T. Sherman, trip to Des Moines to address Workmen's Compensation and Employers' Liability Commission of the State of Iowa	626.93
Accrued Interest	32.26
Total receipts	<u>\$8,014.93</u>

DISBURSEMENTS

Banquet Expenses 1912.....	\$781.70
Entertainment Expenses Convention of 1912.....	290.10
Expenses of Guests, Convention of 1912.....	311.00
Stenographic Services, Convention of 1912.....	165.00
Printing and Stationery.....	1,526.29
Manuals, Printing, etc.....	407.00
Postage, Exchange and Expressage.....	83.93
McNeill Medals	300.00
Honoraria, Secretary and Treasurer.....	1,500.00
Engrossing Resolution in Connection with Death of W. De M. Hooper	40.00
Reimbursing Massachusetts Accident Company Overpayment Banquet Charge	5.00
Reimbursing Law, Union & Rock Insurance Company Overpayment for Manuals.....	8.85
Total Disbursements	<u>\$5,418.87</u>

Checks not returned to bank.....	None.
June 30th, 1913, Balance in Farmers Loan & Trust Company to Credit of Association.....	\$2,596.06

ACCOUNTS PAYABLE

Bureau of Publicity Casualty Insurance, Hartford, Conn., covering reimbursement of sum expended for services and expenses P. T. Sherman, trip to Des Moines to address the Workmen's Compensation and Employers' Liability Commission of the State of Iowa.....	653.03
Chronicle Co., Ltd., New York, N. Y., Printing and Folding Circulars for Convention.....	15.00
Souvenirs Convention 1913.....	280.00
Total.....	<u>\$948.03</u>

ACCOUNTS RECEIVABLE

Dues from Companies for 1914 amounting to.....	\$225.00
All of which is respectfully submitted.	

GEO. E. TAYLOR,
Treasurer.

Report of Auditing Committee

July 8, 1913.

INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS.

Gentlemen: Your Committee has examined the books and records of the Treasurer and makes the following report:

The income of the Association for the period from August 1st, 1912, to June 30th, 1913, was derived from the following sources:

CASH RECEIVED:

Cash in Bank, August 1st, 1912.....	\$3,196.09
Received from Entrance fees and annual dues.....	3,075.00
“ “ Sale of Manuals.....	949.65
“ for Extra seats at last Banquet.....	135.00
“ “ Services and Expenses of P. T. Sherman at Des Moines, Iowa.....	626.93
“ “ Interest	32.26
Total Receipts.....	\$8,014.93

The disbursements during the same period were as follows:

CASH PAID OUT:

For Banquet Expenses, 1912.....	\$886.95
For Printing Proceedings of Convention.....	688.05
For Office Printing and Stationery.....	377.18
Convention Expenses August, 1912.....	914.20
Exchange	2.64
Expressage and Postage.....	98.80
Honoraria	1,500.00
Manuals	407.00
Expense in connection with McNeill Medal.....	470.02
Expense in connection with National Association Manufacturers	20.18
Engrossing Resolution	40.00
Refunds for Overcharges.....	13.85
Total Expenditures.....	\$5,418.87
Balance	\$2,596.06

Your Committee examined the bank account of the Treasurer and checked the bank pass-book with the Treasurer's check book, and found the balance as reported by the bank on July 1st to be \$2,596.06, and that no checks remain outstanding at the bank. The balance reported by the Treasurer is therefore correct.

Your Committee examined fifty-three (53) vouchers comprising all the expenditures made by the Treasurer and found that each had been duly approved before payment.

Your Committee could find that there were no outstanding unpaid liabilities, except as follows:

Service and Expenses Account of P. T. Sherman.....	\$653.03
Chronicle Company, Printing.....	15.00
Souvenirs for Convention 1913.....	280.00
Total.....	\$948.03

And that there were no other liabilities of which the Treasurer has knowledge except current bills of which he has no record.

The Treasurer reports to your Committee that the assets of the Association other than the cash shown above are as follows:

Plates for McNeill Medal, Value.....	\$375.00
Plates for Manuals, Value	40.50
Stock of Manuals	649.89
Stock of Stationery	0.00
<hr/>	
Total.....	\$1,065.39

Your Committee suggests that the appropriate committees having the McNeill Medal and Manuals in charge will be able to certify the value of these assets.

All annual dues payable up to June 30th, 1913, have been collected and all entrance fees to the same date have been paid. Of the dues and entrance fees due on July 1st, 1913, \$3,075.00 have been collected and there remains unpaid items amounting to \$225.00.

Your Committee desires to congratulate the Treasurer upon the very correct and satisfactory manner in which his records have been kept.

[Signed] W. F. MOORE, Chairman.
W. C. POTTER,
D. G. LUCKETT,
Auditing Committee.



Bayard P. Holmes

CHAIRMAN PRESS COMMITTEE

Report of the Librarian

MR. F. ROBERTSON JONES,
80 Maiden Lane,
New York City, N. Y.

I have received your letter of May 22nd, asking me to prepare and send you, on or before June 16th, my report as Librarian of the International Association of Casualty and Surety Underwriters to be presented at the Third Annual Convention of the organization to be held at Quebec, Canada, July 8th.

I desire to advise you that I have nothing to report to the convention, that is there has been no addition to the files of the Association since my last report, with the exception of some printed copies of the report of the 1912 convention held at Old Point Comfort, and in addition to these I have placed with the effects of the Association a package of old records which was forwarded to me by the Treasurer, Geo. E. Taylor, of New York, in November last. The package which Mr. Taylor sent me is said to contain the old check and bank books and ledger, together with vouchers, covering the tenure of office of F. R. Jones of the Board of Casualty and Surety Underwriters for the year 1910; the check and bank books ledger and vouchers covering the tenure of office of Walter E. Hoag as Treasurer of the Liability Insurance Association, vouchers covering the administration of Louis F. Fibel as Treasurer of the International Association of Accident Underwriters for the year 1908, vouchers covering the tenure of office of James B. Pitcher as Treasurer of the International Association of Accident Underwriters for the year 1909, vouchers, ledger and cash book covering the tenure of office of Geo. E. Taylor as Treasurer of the International Association of Accident Underwriters for the year 1909, vouchers covering the tenure of office of B. A. Page as Treasurer of the International Association of Accident Underwriters for the year 1910, also vouchers covering his tenure of office as Treasurer of the International Association of Accident Underwriters during the period extending from July 17, 1911, to October 16, 1911; also vouchers numbering from 1 to 40 inclusive covering the tenure of office of Geo. E. Taylor as Treasurer of the International Association of Casualty and Surety Underwriters up to August 14, 1912.

I do not think that the above is worthy of being called a report, but if you choose to so term it you may make use of the letter for that purpose.

With best wishes, believe me to be,

HORACE B. MEININGER,
Librarian.

Report of Committee on Blanks

Quebec, Canada, July 8, 1913.

TO THE OFFICERS AND MEMBERS OF THE
INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS:
GREETING:

The recommendations outlined below were presented by your Committee at a hearing before the Committee on Blanks of the Insurance Commissioners' Convention at the Hotel Manhattan, New York, May 14, 1913:

1. That Part 1, Schedule O, be modified so that it will be made up of columns (1), (2), (3), (7) and (10) only.

It was submitted by your Committee that this change would greatly simplify the schedule in that it would remove the record of losses and claims incurred during the year of statement and losses and claims paid during the year of statement which seems at the present time to unnecessarily complicate the calculation. Further, the schedule in this simplified form we believe will set forth more clearly the desired information with regard to the adequacy of the reserve estimates of the previous year.

A point of information was brought out in a discussion of this recommendation which may be of value to the Companies, viz.: that the Departments rule that all items of reinsurance due the Company must be entered in column 5, page 5, of Liabilities, and also must be itemized in Schedule E, page 10, regardless of whether or not the amounts of reinsurance are receivable from authorized or unauthorized companies.

2. That, as an alternative for 1 the present foot-notes (a), (b) and (c) be eliminated from Part 1, Schedule O.

It was submitted by your Committee that the purpose of Part 1 is a check upon the accuracy of the total reserves maintained by the Company in the particular line of business. For this reason it seemed best that the amount of reserve carried for Notices in Transit be included in column (2), that the claims resulting from these notices be included in columns (5), (8) and (11) as at present but that the information now called for in the foot-notes (a), (b) and (c) be eliminated. These foot-notes as they now stand serve as an independent check upon the accuracy of the estimates of the reserves for Notices in Transit which, in our opinion, is unnecessary in view of the check given by Part 1 upon the adequacy of the total reserve estimates of the Company in the various lines of business.

3. That certain changes as outlined later be made in Schedule P, so that it will serve the purpose of Part 2, Schedule O — which Part can thus be eliminated.

It was explained in support of this recommendation that a great part of the information contained in Part 2, Schedule O, is shown for

the ten most recent years of business in Schedule P. It was submitted that the experience on years of issue in Schedule O, which were not common to Schedule P, was practically completed experience and that there would be no great value in carrying forward developments on it from year to year. As years of issue are stricken from Schedule P by reason of the current year going into the schedule and the earliest year going off, the latter year will contain almost completed experience. It was suggested by your Committee that the amount of Loss Payments, column (2) in Schedule P, be split up into (a) Losses and Claims, (c) Loss Expenses, that a total column similar to that in Part 2, Schedule O, be shown and also a column (f) be added to those in the computation of the reserve, which column would bear the heading "Additional Liability for Unpaid Losses and Claims," etc., similar to column (11), Part 2, Schedule O. A further total line which would show the entire amount of reserve could be added.

4. That the following be inserted under the heading "General Interrogatories" — Page 7:

"Has this Company made any provision to protect itself against a catastrophe under its Employers' Liability, or Workmen's Compensation Contracts issued without limit?" Answer.....

This recommendation was made in view of the fact that most companies are now issuing in a number of states Workmen's Compensation contracts which have no limit as to the gross amount which may be paid under the policy in the event of a catastrophe.

5. That the present Convention Edition of the Miscellaneous Blank be divided so that the first few pages of the statement, including the jurat and certain schedules, may be furnished at an earlier date than the remainder of the schedules which require considerable time for preparation.

Such a division of the statement and schedules your Committee felt would be greatly appreciated by all the Casualty Companies, in that it would help to relieve the congestion of work at the beginning of the year.

Other matters of minor importance were discussed at the hearing and the advice of your Committee was requested in connection with the addition of certain information to the statement blank upon Workmen's Compensation business.

None of the recommendations as presented were adopted by the Committee on Blanks of the National Convention. The reason for this can be best shown by quoting from the report of that Committee.

"The Committee on Blanks of the International Association of Casualty and Surety Underwriters appeared before your Committee and presented suggestions relative to the Miscellaneous Blank. It was the opinion of your Committee that the matters so submitted were of too much importance to be passed upon in the limited time at its disposal, so that this report does not necessarily represent the final action upon these matters."

Your Committee's attention was also drawn to the resolution of the Committee on Blanks of the National Convention, to-wit:

"That companies desiring to submit any proposed changes in the annual statement blanks for the consideration of the Committee be requested to submit such changes in writing to the Chairman of the Committee not later than the 15th day of April next preceding any annual meeting of the Committee, and that so far as possible the departments conform to this requirement."

With this definite information in hand your Committee can make arrangements at an early date—probably this Fall—to canvas the companies for suggestions so that its recommendations can be presented in proper form to the Committee on Blanks of the National Convention of Insurance Commissioners not later than April 15th of next year. Your Committee is of the opinion that the Committee on Blanks of the National Convention of Insurance Commissioners if it has ample time for study will favor a number of the recommendations of your Committee.

Respectfully submitted,

B. D. FLYNN, *Chairman*,
C. H. REMINGTON,
C. E. SCATTERGOOD.

Committee.

Report of Banquet Committee

The Banquet Committee desires to announce that the Third Annual Dinner of the Association will be held at half past seven, Thursday night, at the Chateau Frontenac.

It is the desire of the committee to so arrange the seating of the members and their guests that all will be pleased.

To that end it has prepared a letter and card which it will send to-day to each member here.

It is requested that these cards be filled in, signed, and returned to the Chairman of the Committee to-morrow at the latest.

The committee relies upon each member doing his utmost to make this dinner a success.

Respectfully submitted,

EDWARD GRIFFITH,
Chairman.

Report of the George E. McNeill Medal Committee

TO THE INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDER-
WRITERS.

Gentlemen :

During the past few months your Committee has been carrying on an investigation of a number of interesting cases of heroism.

Several of the apparently most noteworthy ones have so recently been brought to its attention that there has not been time in which to thoroughly investigate them.

During the floods in Ohio last spring, there were a number of men who imperilled their lives in successful efforts to save the lives of others. It appeared to the Committee that these instances of heroism were of practically equal merit, and that the awarding of the three medals, at the disposal of the Committee, would be an injustice to the others who had risked their lives in the work of rescue. It was therefore decided to eliminate all cases connected with the Ohio floods.

Among the other cases considered were a number of rescues from drowning, three very thrilling and heroic railroad rescues, and one particularly noteworthy case of the rescue of miners, all of which will be referred to our successors.

There was one case, however, which stood out prominently as being specially worthy of favorable action, and that is the rescue of Mr. Henry J. Lutz by Mr. Iram Kevorkian, of Niagara Falls, New York. Mr. Kevorkian is twenty-four years of age; 5 feet 6 inches in height, weighs 150 lbs., and is employed as a laborer.

About noon on the 19th of May, 1912, he was walking along the bank of Niagara River, and when about a hundred feet from the brink of the American Falls, his attention was attracted to a man floating down the river. Mr. Kevorkian realized the necessity for prompt action, and regardless of the risk involved, waded into the river about thirty feet from the shore, where he secured a position which would enable him to seize Mr. Lutz as he reached the place where Mr. Kevorkian was standing. The current, however, was sweeping the man farther away from Mr. Kevorkian, when with the aid of a pike pole, which had been passed to him by some of the onlookers, he was able to get hold of the seemingly doomed man. With the water up to his waist and with an uncertain foothold on the slimy and rocky bottom of the river, Mr. Kevorkian managed to gradually draw the man out of the swift current and towards safety. This was no easy task, as Mr. Lutz was fully clothed, weighed about two hundred pounds and, being unconscious, was unable to be of any assistance.

Mr. Kevorkian was constantly in danger of slipping and falling, and doubtless would not only have failed to make the rescue, but would have been swept over the Falls together with Mr. Lutz, had not a police officer and others waded into the river, formed a human chain, and brought both rescuer and rescued to the shore.

This act of heroism received great commendation and was recognized by the Carnegie Hero Fund Commission in the awarding of a silver medal and a thousand dollars to Mr. Kevorkian.

Your Committee is grateful for the opportunity that this service for the Association affords, to become acquainted with the many cases of heroism displayed in the saving of lives, showing that the qualities which make for heroism are not peculiar to any people or place.

The Committee has received valuable assistance from several members of the organization and has appreciated their kindness and consideration, and regrets that it is unable to recognize, as it would like to, every worthy case that is brought to its attention. Respectfully submitted,

G. LEONARD McNEILL,
FRANKLIN S. DEWEY,
DANFORD M. BAKER.

PRESENTATION OF GEORGE E. McNEILL MEDAL

To Iram Kevorkian, Niagara Falls, N. Y.

Presentation Address by Walter C. Faxon

Mr. President, Gentlemen of the Convention, Ladies and Gentlemen:

You are all no doubt disappointed, as I am, by the absence of the gentleman whose name appears upon the program to make the presentation address of the George E. McNeill medal at this time. Mr. DeLeon would no doubt have very much more of interest to tell you in making this presentation, but, be that as it may, what I shall say will at least possess the merit of brevity.

The awarding of these McNeill medals was established, as nearly all of you know, by the International Association of Accident Underwriters, for the double purpose of rewarding cases of meritorious heroism, and for keeping alive in our memories the love and affection inspired in all of us whose privilege it was to know personally that grand old man, George E. McNeill.

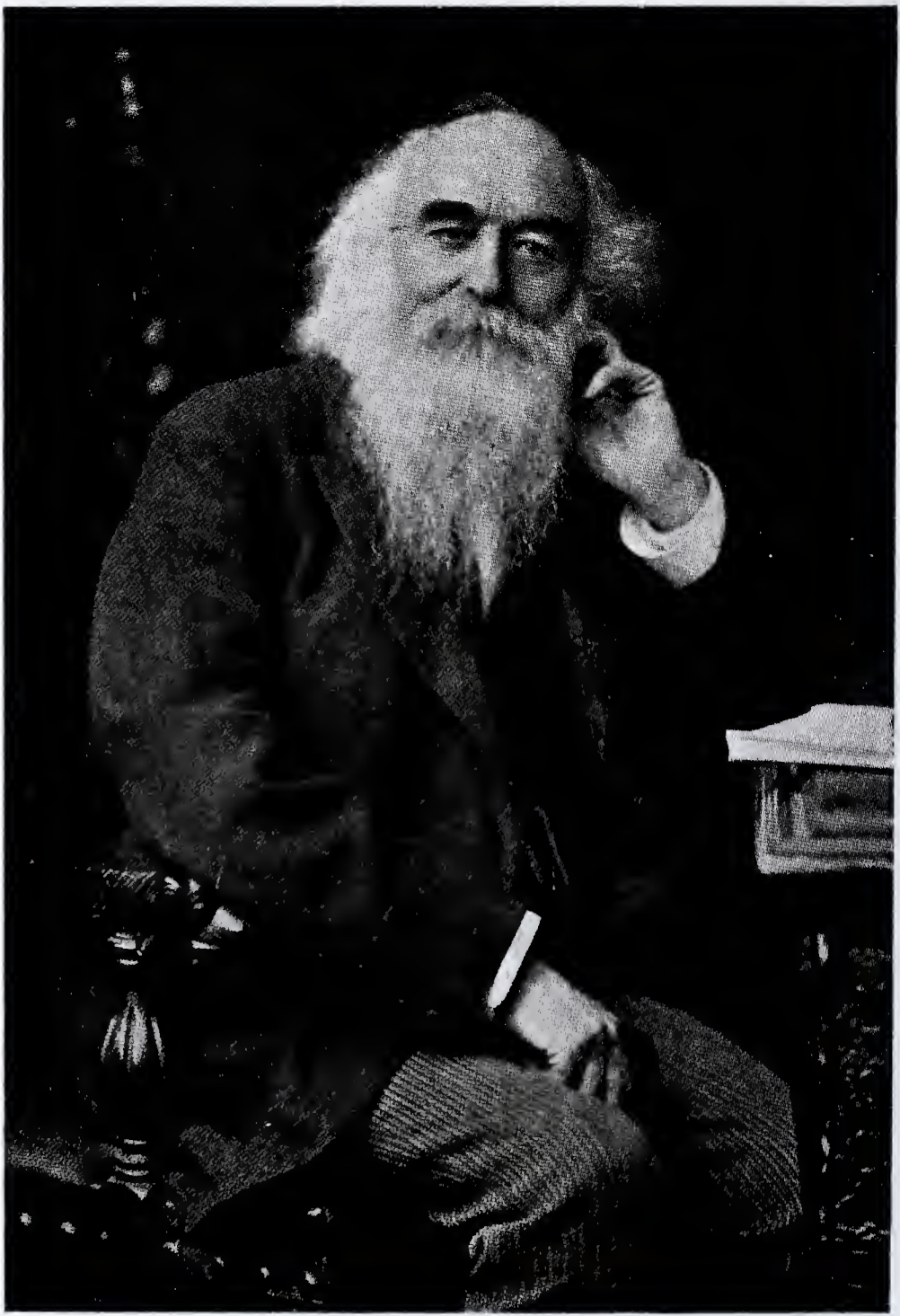
I cannot review his life in the short time assigned to me, but will ask those of you who do not know of it to take the time to read the story of his life as found in the presentation addresses that have preceded this one.

The case which claims our attention at this time is one of special merit. It occurred at a place with which you are all familiar.

On the 19th of May, 1912, Mr. Iram Kevorkian, a young man of 24 years, an Armenian, who came from Adrianople, Turkey, about three years ago, and who was engaged as a grocer at the time referred to, also as an interpreter, having knowledge of seven different languages, was walking in an easterly direction along the bank of the Niagara River about one hundred feet from the brink of the Falls, when he heard yells and screams from people who were running towards him from the opposite direction along the shore. Looking out into the river, he saw a man's hat floating down the stream in a westerly direction. Then he saw the body of Henry J. Lutz floating head foremost down the stream. Kevorkian immediately took off his shoes and waded into the river about thirty feet towards the center at a point about one hundred and sixty feet above the brink of the Falls. He expected to head off Lutz and catch him as he was floating down the stream with his hands, but as the current at this point shoots toward the centre of the Falls, owing to the fact that the stream is deeper, and the brink forms a concave semi-circular, the body gradually floated away from where Kevorkian stood. Just before the body had reached Kevorkian, some one handed him a pike pole, seventeen feet in length.

At this point the water was about up to his waist line. Kevorkian lunged for the body with the pike pole and missed it, as the pike pole was not long enough. Immediately Kevorkian took two steps further toward the centre, and made a second lunge. This time the steel hook caught in Lutz's clothing. Kevorkian held the pike pole fast, and the body caught by the hook made a semi-circular swerve toward the shore. At this time the pike pole between Kevorkian and Lutz was parallel with the shore. Kevorkian kept pulling the body towards him and against the current, but owing to the velocity of the current, he was unable to make much headway, so he began to wade in toward the shore. In doing this, Kevorkian made very slow progress, because of the swiftness of the water and the condition of the rocks, which were covered with slime and moss, making them very slippery. When Kevorkian was about five feet from the shore, Lutz was the same distance from the shore, but closer to the brink of the Falls, and Thomas Harrington, a park police officer, waded into the water about two feet and took hold of Lutz. Kevorkian handed the pole to another man on the shore, and





GEORGE E. McNEILL



GEORGE E. MCNEILL MEDAL

went to the help of the officer, and succeeded in dragging Lutz to the shore, where they worked over him a short time to resuscitate him, in which they succeeded.

It is only fair to refer to the help rendered by others who assisted Kevorkian in the rescue, and especially David Gordon, a lad of seventeen years, who first went to the rescue, but who was supplanted in the principal part of the labor by Kevorkian. Gordon, his father, Mr. Edward Wagner and Mr. A. J. Seigel, with the park policeman already mentioned, formed a human chain extending out to Kevorkian, and rendering assistance, without which his efforts would no doubt have been in vain.

We all admire the grandeur of the Niagara Falls, but it takes incidents like these to bring home to us the danger to human life which is constantly presented to those who go too close to the edge of the water and fall in, as Lutz did.

And so, Mr. Steele, it has become my duty to give and your duty to receive this George E. McNeill medal, to be transmitted to Mr. Iram Kevorkian, as evidence of the appreciation by the International Association of Casualty and Surety Underwriters, of his bravery and heroism in performing this act of saving a human life.

Address of Acceptance by Raymond D. Steele

Mr. President, Mr. Faxon, Ladies and Gentlemen of the Convention:

While listening to the remarks of Mr. Faxon with my heart trying to make its escape through my ribs, I was potently reminded of at least two kinds of courage, one of them with which you are all familiar was that possessed in a very large degree by the hero to whom we now do honor; the other is that required to make this speech of acceptance. So far as I am personally concerned, I am not sure which is the greater.

The epics have narrated the heroism of the ancients, eulogies have been delivered in praise of their daring, odes have been sung in commendation of their marvelous feats of courage, lyrics have been attuned to their deeds of bravery and sonnets have beautified with eloquence their manliness.

But it remained for a plain, simple, kindly, generous, sympathetic and noble-hearted man of modern times who was but lately one of us, and now with his Creator, to make it possible for this convention to tarry in the tumult of its business activities while the wish of our late lamented fellowman might be fulfilled.

I shall not recite the particulars of that heroic rescue of Mr. Kevorkian, which have been so eloquently recounted by Mr. Faxon, but shall try to leave with you one salient thought which is uppermost in my mind and then retire.

The great government of the United States is quarterly bearing testimony to the gallant deeds of bravery of the soldiers and the sailors of the late wars. Those deeds which involved the voluntary, intentional and deliberate slaughter of humanity, are recognized by the substantial disbursements of over one hundred and seventy-five millions of dollars annually to over eight hundred thousand of those heroes, or their dependents. I say this with the deepest reverence and respect for those who sacrificed their lives in those terrible struggles.

In contrast, modern industrial civilization, only through the goodness of the donor now witnesses the award of a medal which I have the honor to accept on behalf of a hero of that industrialism, who hazarded his life without promise of reward to save the life of a human being.

Mr. Faxon, to the memory of that departed Christian gentleman, and in the name of this peasant nobleman, I accept this beautiful medal with the profoundest hope that humanity may give us in the future less Bismarcks and Stantons, and more McNeills and Kevorkians.

Address of Walter C. Faxon, Vice-President Aetna Life Insurance Company, on "Modification of Accident Policy Contracts"

Mr. Chairman, and Gentlemen of the Convention:

When you requested me a week or so ago to read a paper at this convention in support of the plan for the modification of accident policy contracts along the lines proposed by the Committee of this section, I promptly told you I could not do justice to the subject, the convention, or myself in so short a time. Nevertheless you urged me further, and so I have jotted down a few thoughts—and can only hope they will not be too tiresome—for everything has been said that can be said, and the time has come when action should take the place of words. I feel like the boy who climbed into bed without having said his prayers. His mother asked him, "Aren't you going to say your prayers?" "No, I ain't," he replied, "I been praying long enough for this family without results." Nearly every innovation in accident contracts has been considered at the International Conventions—its dangers pointed out—its lack of material value to the business predicted—its effect as an actual factor of loss in procuring business shown—and yet the experiments have been tried—the predictions verified—and the point long since reached when many of the features have lost whatever degree of value they ever had and the companies are carrying and will carry much greater liabilities than they should—all without adequate returns, either in the shape of premiums, or in volume of business.

It is unnecessary to say to what extent the activity of state insurance superintendents and state legislatures have added to the load, by imposing restrictions and removing defenses to payment of invalid claims.

Suffice it now to admit that we are being underpaid for our goods and must either increase the price or restrict the coverage granted.

Let us take the recommendations of the Committee in order and see what they are and why they are.

1. That no policy be issued without signed application.

The contracts of accident insurance involve the payment of immense sums of money. They are based upon the truthful representation of certain essential facts. The payments are to be made in many instances years after the contracts are drawn. Then why sacrifice the reasonable precaution of having one party to the contract go on record over his own sign manual as to his end of the contract when the company has to go on record with at least three signatures to its contract—simply to make it a little easier for an agent to get a risk that he might otherwise have to exert himself a little to get. Let me refer you to a very able paper in which this point was considered, read before us by Attorney J. C. Rosenberger, of Kansas City, and published in our proceedings of 1903. He advised then that the only safe application was one not only signed by the insured but prepared in his own handwriting.

2. That children's insurance be eliminated.

This needs no argument. To mention it is enough.



THIRD ANNUAL CONVENTION OF
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CHATEAU FRONTENAC, QUEBEC, PROVINCE OF QUEBEC, CANADA
JULY 8-11, 1913

3. That beneficiary insurance be eliminated.

This likewise ought not to need argument, but you will all recall, who are in close touch with the business details, that risks are lost many times because of the vexatious workings of this feature, and that there is not, nor has there ever been, any warrant or justification for insuring two lives at the price of insuring one.

4. That no specific mention be made in any contract of the payment of loss by reason of *sunstroke, freezing, gas or poison*.

Sunstroke is a disease with a violent sounding name and has no place in an accident contract. It does not independently of any other cause, occasion disability or death, and is never due to external, violent and accidental means. Cut it out. The company I am with cut it out years ago, and no one ever missed it.

Freezing if occasioned by accidental means is covered just as well without being specifically mentioned as any other injury, then why lumber up the policy to mention it.

So with gas or poison.

5. That the payments for death, dismemberment, and loss of sight be limited as follows:

Life.....	Principal sum
Both hands, or feet, or sight of both eyes.....	Principal sum
One hand and one foot.....	Principal sum
Either hand <i>and</i> foot <i>and</i> sight of one eye.....	Principal sum
Either hand <i>or</i> foot <i>or</i> sight of one eye.....	$\frac{1}{3}$ Principal sum

Loss shall mean, with regard to hands and feet, dismemberment by severance at or above wrist or ankle joints; with regard to eyes, entire and irrecoverable loss of sight.

That the companies have placed a premium on crime by the offers made for these losses of hand, foot and eyesight, is too well known as a matter of history to need emphasizing here.

The shooting off of hand or foot on ferryboat or railroad train, and the destruction of eyesight to obtain the exorbitantly large amounts payable in such events, have been of marvelously frequent occurrence, and the schemes that have been devised to make such events appear to have been accidental are ingenious beyond realization and too often impossible to combat. It is true that hand, foot or eyesight are lost by purely accidental means—but even so, the payment of a fixed sum in case of such a loss is *in lieu* of *weekly* indemnity.

Then why not have the amount so payable bear some sort of relation to the probable duration of the disability for which such weekly indemnity would be payable, adding something more for the permanent partial disability that follows—but to go to such unreasonable and unscientific lengths as many of us have gone simply to furnish a line of talk to our agents, nothing more, encourages crime and serves no useful purpose.

Whoever heard of a case where by accident a man lost a hand and an eye, until *after* the accident policies provided for the payment of the *full principal* sum for that combination of injuries? No one, I venture to say, without fear of contradiction. There has been one case since—a fraudulent one—and we encourage fraud by putting such rewards in our policies.

It is there in the proposed new policy. I would take it out.

6. Partial Indemnity—Single Indemnity.

Or, if such injuries, independently and exclusively of all other causes, shall continuously partially disable the insured from the date

of accident, or continuously partially disable him from the termination of a period of total loss of time, the company will pay, for not exceeding twenty-six consecutive weeks, as follows:

(1) A weekly indemnity of one-half the rate for total loss of time during that portion of the period throughout which the insured suffers such total disability of at least fifty per cent. of his business time;

(2) A weekly indemnity of one-quarter the rate for total loss of time during that portion of the period for which the insured is not entitled to a benefit under the preceding clause, but throughout which he is disabled from performing one or more important daily duties pertaining to his occupation.

This provision should reasonably and adequately compensate anyone who can qualify under it for such loss as he is sustaining when not totally disabled—and simplifies the settlement of the claim and removes the incentive to draw indemnity for partial disability up to the limit because of some relatively trivial inconvenience or discomfort in performing full duties of his occupation.

7. Double Indemnity

If such injuries are sustained (1) while a passenger in or on any railway passenger car or vessel licensed for the transportation of passengers, provided in either case by a common carrier and propelled by mechanical power (excluding injuries sustained while getting on or off or being upon the step or steps of any railway or street railway car), (2) while a passenger in a passenger elevator (excluding elevators in mines), or are caused (3) by the burning of a building while the insured is therein, provided the insured was in the building at the commencement of the fire; the company will pay double the amount otherwise payable under part — of this policy.

While there is no warrant whatever for a double indemnity clause in an accident policy, it has seemed unwise to ask at this time for its entire elimination. Confining its operations to the accidents that will come within the scope of the paragraph read—will eliminate many of the doubtful cases that constantly occur under the present language, and sufficiently fulfill the object for which the double indemnity clause was originally framed, viz: to render unnecessary the purchase of accident tickets when travelling, and to make accident insurance more popular.

8. The use of the words "external and violent" in connection with the phrase "accidental means" in the insuring clause of the policy.

Why these words were ever omitted no one has ever told. They could not certainly have been regarded as superfluous when first put in. No one has claimed that their insurance was broader without them, or that they would pay claims which another company using these words would not pay under like conditions—so there you are. It was simply another chance to talk—given by the agents—who made the most of the opportunity without knowing why they said what they said.

There are amply good and sufficient reasons why these words should be retained, but I do not need to tell you what they are until after the man who took them out tells you why he did it.

9. The adoption of a clause excluding bodily injuries which shall result directly or indirectly from the bites or stings of insects, or from ptomaines, or from disease in any form; or any bodily injury, fatal or non-fatal, sustained by the insured while participating in or in consequence of having participated in aeronautics.

The necessity of this sort of a clause in the accident policy is so self-evident that it needs no argument.

We should not, at the price we can get for accident insurance, take any chances of having to pay for cases of yellow fever, or malaria, inoculated by mosquito bites; or cases where disease conditions occasioned the falls which caused the injuries; or cases arising from the insured incurring the hazards of aeronautics as a recreation or otherwise.

10 and 13. The adoption of a clause providing special indemnity for certain automobile, motorcycle, and motorboat accidents as follows: If such injuries are sustained by the insured while *driving* or *cranking* an automobile, motorcycle or gasoline motorboat the company will pay only one-half of the amount otherwise payable under Part—of the policy.

That companies shall be privileged to give full coverage for automobile accidents for an additional premium of not less than \$2. for each \$1000. principal sum and \$5. weekly indemnity, and that a premium of not less than \$1.20 per \$1000. for Death and Dismemberment policies shall be charged.

That the losses payable for accidents resulting from the driving of automobiles, motorcycles and gasoline motor boats have increased to so great an extent as to practically establish a much greater hazard than can safely be carried at the ordinary cost of accident insurance (other than the cost to chauffeurs) has been too thoroughly established to be ignored—and it is a hazard that is bound to increase very much faster with the immense increase in the number of automobiles used than it will be modified by the improvements constantly being made in the cars and the greater proficiency of those who operate them. This plan of providing for reduced indemnity for such accidents automatically but also providing for full indemnity upon payment of an additional premium is one that is entitled to a trial and should appeal to the insured automobilists as entirely reasonable and fair.

11. The adoption of an accumulation benefit clause as follows:

Commencing with the second year of this insurance, 5 per cent. shall be added annually to the principal sum of the first year until such additions shall amount to 50 per cent., and thenceforth so long as this policy shall be maintained in force, the insurance will be for the original principal sum plus the accumulations.

And hereafter no substitute shall be offered for above accumulations either by rider, endorsement or the issuance of a policy giving the accumulations in full, with or without an additional premium.

Of all the policy provisions which have occasioned active discussions in our accident underwriters conventions, this one of accumulations has been the most prolific. Its most ardent advocates have prevailed and the full register of all that was predicted for it has been run. It has served every purpose for which it was ever intended and has outlived its usefulness. Designed to hold business to the company in which it was first written, making it easier for agents to renew such business—thereby increasing their time and opportunity for going after new business—it was helpful until the time arrived when the companies, many of them, adopted plans for assuming the accumulations that had accrued upon the policies of other companies, either without charge, or upon a nominal charge which might or might not be paid by the person whose insurance was being transferred to the other companies. The net result is that no company holds its business by virtue of accrued accumulations against the onslaughts of agents of other companies, but all companies are

paying death losses fifty per cent. higher than they would otherwise pay. And it behooves all of you great and small, new or old in the business to compare what you must pay for death losses, under fully accumulated policies, with what you would pay without accumulations, or with only a five per cent. accumulation clause as now proposed, not forgetting the double indemnity clause which operates also to double the accumulations.

12. It is also unanimously agreed that no policy of accident insurance should be issued during the year 1914 giving greater benefits, or introducing into accident policies features providing benefits not contained in policies that are now proposed to be issued even for an additional premium.

That there must be some guarantee that these changes, if adopted, shall last long enough to prove their value and the steadfastness of the companies makes necessary the incorporation of this clause in the policy. We either want to improve the situation or we do not. If we want to improve it, let us stand together and do it. Let us rise above our individual company necessities as we view them and join in this concerted movement for the good of the business as a whole, and let our rights to obtain our full share of the business be established by our fair dealings with our policy holders and the liberal and equitable settlement of our claims under policy contracts that will enable us to make such settlements without inviting insolvency.

**Address of Claude O. Taylor, President of the Michigan Federation
of Labor, on "Administration of Workmen's Compensation
Benefits Under the Michigan Law—Methods of
Procedure—Labor's View Point"**

Mr. Chairman, Gentlemen of the convention, and Ladies: First I want to thank you for the invitation extended to me to attend this convention and give labor's view point, regarding the compensation law of Michigan, also I desire to say that I am sincerely grateful for this opportunity to present the view point of organized labor. The subject assigned to me is the "Administration of Workmen's Compensation Benefits Under the Michigan Law—Methods of Procedure—Labor's View Point." I have not made a special study of the specific provisions of any workmen's compensation law except that of Michigan, but I have devoted much time to the consideration and study of the fundamental theory and philosophy of Workmen's Compensation, and it is upon these fundamentals that I am going to base my remarks. In showing labor's view point regarding compensation, let me go back to the first steps taken towards the adoption of a compensation law in Michigan. If I digress in my remarks, I do so only in order to bring out some point which I wish to make clear.

The Michigan Federation of Labor was organized twenty-four years ago this coming September. We do not know where the theory or philosophy of workmen's compensation originated, but I dare say, without fear of successful contradiction, that it originated in either the mind of the man who worked or in the mind of a sociological student, and not in the mind of an employer. For years, we workmen struggled and fought for one thing only, the improvement of working conditions through active measures working towards the elimination of accidents, but our efforts, to bring down to a minimum the number of accidents through prevention, were unsuccessful until a method of bringing this about through a workmen's compensation law became clear to us. I want to say to you, gentlemen, that one man is just as dear to his family as another whether he works at the most menial labor, or whether he holds the highest office in the country. Compensation does not take the place of the man who is injured or meets death, but it does accomplish, what for years we struggled to obtain, accident prevention. This was what we desired and to accomplish it we had to work upon the theory of profit and dividends and financial return to the man who owned the plant or machinery with which we worked, and we struggled for a compensation law because such a law provided an opportunity to bring financial return to the employer who endeavored to and did eliminate accidents. As we struggled therefore, for compensation for the injured employe, we were not using our energy or efforts to bring about only compensation for the injured employee. We fought for a law that would prove to the employer that it was more economical for him to prevent accidents than to pay that compensation. Upon that theory we worked for years. Finally it became the trend of the times. We kept saying to the employer, employe, and the politicians, that they must give to the working man some law which would force the prevention of accidents.

Now as to the history and method in which the Michigan Law was framed and adopted. Just before this law was put upon our statute books there were some thirteen different laws relating to this question presented to the legislature of the State of Michigan. Not one was accepted as there was not one of them that was equitable to both employer and employe. They were either too good for the employer and bad for the employe or vice versa, but out of their presentation came co-operation; and I want to say right here that I am a firm believer in co-operation. Co-operation spells success. You have brought out the need for co-operation many times during your present sessions in this city, and I wish to commend you for your endorsement of the idea of co-operation in deciding troublesome questions. In Michigan all men interested in a compensation law got together and drafted an act which provided for a commission that was to study compensation laws and report their findings to the next session of the legislature. This commission was formed, and, to show you that it was a co-operative commission, the then governor of Michigan appointed as its members, one manufacturer, two corporation attorneys and two members of organized labors. The secretary of the commission was also a card man. In the eight months during which they met and drafted a report, there was only one vote taken. The report was drafted on a basis of give and take,—co-operation,—to give to each party everything they were entitled to without robbing the other. When that commission met and made its report to the legislature, the bill it reported was enacted almost without change by an almost unanimous vote in both houses, and was signed by the governor. There were just two votes in both houses against that law. Less than six months after the law became operative,—to show you that the theory of organized labor in the State of Michigan was correct,—there was held in the City of Lansing a conference of employers, employes, attorneys and insurance men. The result of that conference was the appointment of a permanent committee for the purpose of studying accident prevention and taking necessary steps to eliminate as many accidents as possible. This occurred less than six months after the enactment of the Michigan compensation law and proved to us that the theory we had promulgated for at least 20 years, was correct. In speaking of the success of our law, I cannot but mention the present Industrial Accident Board, which continues our idea of co-operation and is entitled to a great deal of credit for its success. The members of that board, one a very prominent attorney in the State of Michigan, another a member of organized labor, and the third man—I cannot really say why he should have been appointed except in the spirit of justice—an Episcopal minister, are firm believers in co-operation, and much credit is due them for their successful administration of our law.

I recently had occasion to read an address delivered by your chairman. If I should criticize any remarks or statements made by any of your members or delegates, I do so with the utmost courtesy but with the feeling that I must be plain because I am responsible for sixty thousand members of our organization in the State of Michigan. In your chairman's address he spoke of malingering upon the part of employes under certain forms of insurance of compensation. That there may be some of this may be true, but if every employe in the State of Michigan would mangle for at least six months would he, in justice, receive one-half of what those who never received anything before the law was enacted were entitled to? One of the objections on the part of the business man regarding the adoption of the compensation law was that it would make necessary a change in the conduct of his business. Any reform that meant a change in this respect might mean a loss of dollars and cents. Organized labor does not make this its view point. Organized labor stands only for fundamental principles. Organized labor has made mistakes, but no more than have been made by any other element of society.

To go back to the old liability law of which we have heard so much, during the last few days, and of the criticism against casualty and accident insurance companies under that law, I want to say that in its fundamentals that law was just as equitable for us who were under it as the present compensation law. But don't misunderstand me. While the law is just as just, the employe did not receive as much justice. Liability insurance may have been an outgrowth of that law, but it was only one of the incidents of that system. The employer might be blamed for certain phases of the system; but the one phase that was worst of all,—and you may think my remarks are bitter, yet they are plain facts,—was that most despicable kind of man, the ambulance chasing lawyer; who had no thought for the injured, the widow, or the orphan, but was thinking only of the dollars and cents he would get out of accidents in case of injury or death. I once heard a man remark that society was to blame for the old system. I cannot agree with him. Society is made up of all elements of mankind. It should only be blamed for not changing conditions sooner. The only ones to blame for the old system are the ones directly interested; the employer, the insurance company, and the ambulance chasing lawyer, who, as I have said before, was the chief cause and is the most despicable in my mind of all mankind. Society should not be blamed for what any one, two or three elements of it may be. Society should only be blamed for such acts as are acts of society as an entirety. Let me bring out another illustration. After the passage of the compensation law in the State of Michigan, articles with large headlines were published in nearly every daily paper in Michigan stating that certain companies were going out of business because insurance rates were so high under the compensation law. They were making a great endeavor to stir up criticism against the law. At the conference at Lansing I stated to those present that it was my opinion that any time that a firm or corporation had to live off the lives and injuries of its employes, it was time that that industry should cease to exist, and I reiterate now that any time a firm or corporation must use the lives and injuries of its employes as its basis for existence it is time for that industry to cease to exist.

All of this relates back to the proposition that I have endeavored heretofore to present to you, which is simply this, that any law or system of law can only be successful where there is fair co-operation; and while my subject confines me to the law of Michigan, I wish to offer this suggestion to you. You have, during the last three days, brought out the subject of co-operation many times along different lines. I want to suggest to you, that in the United States, there are over two million laboring men organized under the banner of the American Federation of Labor; besides this there are nearly two million members of organized labor in railway employments, and another five hundred thousand in three different organizations not affiliated with the American Federation of Labor. Nearly every state has a state body, and nearly every principal city has its central body. I wish to suggest to the insurance men at this convention, that if they will co-operate with those bodies by communication through letter or personal interview, offering an open, fair and square proposition to organized labor upon any matter in which they require co-operation, they will be surprised at the reception that they will receive. Organized labor is a big factor in many matters in the United States. If not treated fairly by the politicians, the remedy of the working man is the vote. If you have a proposition to present to the man who works, and if your proposition is fair and square, open and above board, I will guarantee that he will listen to it. They may have objections to some phases of your proposition and they will tell you why, and you will then be able to know what parts of it you may need to correct. If the politician does not treat you fairly and your matter is one that is just, and one in which you are entitled to

fair treatment, come to us and we will handle the politician. I offer this as a suggestion coming from organized labor, — co-operation, — and you will find, as I have said before, that in such co-operation there will be success. You will find in any matter that there is always a common ground upon which all men can meet. In the past we have perhaps been separated and far apart, neither side knowing what the other side thought or desired to accomplish, but by co-operation in the future; you, as well as we, may assist in working out for labor, employer and yourselves, a fair and square proposition, one that is open and above board, and you, as well as organized labors, may realize the benefits therefrom.

Referring again to the administration of the law of Michigan, I want to take up the four methods by which an employer can insure himself. You are all familiar with those, perhaps more so than I am, but I am going to endeavor to give as I understand it, labor's view point with reference to these four methods. The first is self insurance, allowing any employer, if he can prove to the Industrial Accident Board that he is solvent and can carry his own risk, the right to make his own payments to his employees. If we had but a single method, this would be the worst form. Personally, I prefer and believe most members of organized labors do, although some do not, that four methods of insurance under a compensation law are better than three or two or one. Mutual insurance, the second method, by which companies or industries join together to mutually carry their risk, is only one step in advance of self insurance. I really believe it almost as bad as self insurance if there be but a single method provided, for the reason that it would place too much power in the hands of the employer directly and be subject to abuse. It would drive the employe into a refusal to accept compensation, and cause him to return to the old system or work out some new theory by which he can be better protected. The third method is state insurance. This may be divided into two kinds. One is the creation of a fund contributed to and paid by the employer and administered by a state board. The other is the payment of indemnities out of a general fund paid by general taxation. This second form, I believe would not meet with approval, especially in a state like Michigan, because of the fact that our rural legislators are always fighting against taxation and are paying their taxes grumblingly. Right here I want to say that there is some agitation in the State of Michigan for state insurance and when I ask your co-operation as I did earlier in my talk, I do so because I know that organized labor desires to know all sides and will be wise enough to adopt the best plan for its members and the workers in general.

Personally I like all four forms of insurance. I believe in competition, but only so far as competition is equitable for all concerned. I do not believe in competition in labor and if I may digress just a moment will explain my reason for that. Labor is not a business in the accepted sense of that word. The working man has nothing to sell except his labor. He therefore should not be forced into competition which may deprive him of the right to life, liberty, and the pursuit of happiness. I do not believe in competition in business, where the man who has invested his capital is so jeopardized by keen competition that he would not receive a fair profit on the money invested; but I do believe in competition which is square for all concerned, competition in which the employer receives a fair return of profit, and the employe and public also receive a fair return of profit. With due respect to the opinions of others regarding the insurance question under a compensation law, if we were to have only one form of insurance, I, personally, while I always liked the four, would prefer stock insurance. Now do not misunderstand me, I am not saying this for your benefit, but because I want to say this, that the stock companies have taken a more active step toward accident prevention than any of the other systems, so proving and working out our theory that a compensation law should

bring about the elimination of accidents. I want to say that in studying and reading the pamphlets furnished by insurance companies, explaining their system of accident prevention, it has seemed to me that they worked upon a sound business basis, because they know that in competition among themselves and with other methods of insurance, they must furnish to the employer just as low a rate as is possible and they must also tell that employer if he wishes to get that lower rate, accidents must be prevented as much as possible. This carries out the real theory of a compensation law as understood by organized labor.

In closing I again desire to suggest your co-operation on your part with the working man. The American Federation of Labor will hold its next convention in November. Nearly every central body meets at least once a month. If my suggestion is meritorious and you can see your way clear, take your proposition up with the members of organized labor and I say you will be surprised at the reception you will receive. As one of your members said, the success of compensation insurance by stock companies lies with you yourself, and I want to say, in conclusion, the future of the politician lies with the working man.

I thank you.

Address of Richard L. Drake, Secretary of the Michigan Industrial Accident Board, on "The Economic and Essential Functions of the Insurance Company in the Administration of a Compensation Law"

It is a source of much pleasure to me to be permitted to address you on this most important question and I heartily thank you for the honor you have done me in giving me this privilege. I am deeply sensible of the importance of the subject assigned me; but before we deal with the question as to the functions of insurance companies, economic or essential, in relation to the compensation law, I will endeavor to briefly touch upon some of the problems that are confronting the employers, insurance men, and the Industrial Accident Board of Michigan in the administration of this new and important law. And I believe that you will agree with me in the conclusion that a consideration of these questions and these problems will enable the hearer to decide for himself as to whether or not there is a place for the insurance company in the compensation field, thus making my task much lighter than if the questions were not considered. It must be borne in mind that my suggestions and conclusions are based upon actual experience and result from practical work in this field. Our law has been so remarkably successful in its working out that I will leave for the theorizer and dreamer the advocacy of those exclusive features that have proven such a dismal failure in other states. I presume, therefore, that one of the reasons for extending an invitation to Michigan to be represented at your conference is that you may learn of some of the experiences of the Industrial Accident Board in the practical administration of the Michigan Compensation Law. While this experience has extended over a period of only ten months, nevertheless many important problems have arisen in that short time, and some have been settled satisfactorily, while many others remain to be solved. It would appear at first thought that a problem solved would mean a lessening of the difficulties besetting the Board in its administrative work, but it seems that no sooner is one phase of a question answered than the same problem arises in a different guise, or an entirely new one looms up, and thus each day some new and unlooked for phase presents itself for study and solution. As our chairman aptly remarked not long since: "We cannot settle matters in advance, but must meet the difficulties as they arise; and whether our experience is one year or ten we will continually have problems to handle, and we must take them as they come and settle them to the best of our ability." These questions are so many and varied that to attempt to recount them would, I am afraid, cause me to consume more time than you would have allotted to the consideration of the Michigan Act; but they are of such importance in the administration of a compensation law that too much light cannot be thrown upon them, and in the study of them it is hoped that the compensation departments of other states may profit by Michigan's experience and more readily settle the questions that have caused the Michigan Board to burn much midnight oil and shorten the hours of sleep on many, many nights. I do not believe these questions and problems are peculiar to Michigan. They will undoubtedly arise in every state that has in force a compensation law, and I hope that the day is not far distant when the members of the Boards from the various states will meet together at least once or twice a year and profit by an exchange of experiences, so that the questions solved by one state will be a guide for all other Boards where like conditions obtain. It is too much, perhaps, at this time to hope for uniformity of compensation laws, although I am pleased to note that some other states have suggested changes in existing measures that will make them similar to Michigan's excellent act. The act passed by the New York legislature, unfortunately vetoed by its governor, was almost a reprint of the Michigan Law, and the bill

in Illinois, that was at the latest report up for third reading, with a good chance for its passage, is almost identical with our law. Texas has passed an act somewhat similar, and in Massachusetts and Wisconsin there has been some thought of incorporating in their compensation laws the specific indemnities for definite injuries so successfully in operation in Michigan. This hope for uniformity calls to mind the story of the Episcopal clergyman, who, when a divine of another denomination said he hoped to see the day when there would be but one denomination and one church throughout the world, said it would indeed be a grand thing when all the people worshipped in the Episcopal church and everybody sang the Episcopal hymns. So I feel that it would be a grand thing when all states have a compensation law like Michigan's and administer it in the form prescribed by the framers of the act.

The title given my paper brings us to face with the questions: Is there need for insurance companies in the working out of this important problem of the industrial world, and if there is need for them what are their responsibilities and how may the duties best be administered? In the practical working out of a question we invariably find much that conflicts with our preconceived ideas of what will constitute a solving of those questions that vex, and it is with the practical phases of this problem that we have to do today. Nevertheless we must not look too lightly on the idealistic conceptions of those students who have for their goal universal brotherhood, and the hoped-for millenium, when every man will be his brother's keeper; for I question whether we would have today an opportunity to put into practical operation the humane doctrine on which the compensation law is founded were it not for the high ideals of these self-same students of our economic and industrial problems. It will be somewhat of a shock to the earnest settlement workers and sociological students who found in Pittsburg that so much poverty existing there was due to industrial accidents, to learn that, after all, a compensation law is founded on the sordid basis of dollars and cents. To the employe the vital question is, "How much will I be paid", and to the employer "How much will it cost." This however, does not lessen its importance, nor does it detract from the credit to which these students are entitled for calling the attention of all thinking people in America to the necessity of providing some measure of relief to the victims of industrial accidents. This movement in the United States begun so modestly less than a decade since, has grown so rapidly that today we find it a leading question in every progressive state in the Union. It is no longer a question as to the necessity of a compensation law. That is conceded by all. The paramount question to-day is how are we best to administer an act that we all know must everywhere take the place of the barbarous doctrine of suits at common law, with its accompanying three long established defenses, now happily obsolete in so many states. When the act repealing the common-law defenses of assumed risk and fellow-servant was attacked as unconstitutional in the Wisconsin courts, the court in its opinion said: "To speak of the common law personal injury action as a remedy for this problem is to jest with a serious subject, to give a stone to one who asks for bread. The terrible economic waste, the overwhelming temptation to the commission of perjury, and the relatively small proportion of the sums recovered which comes to the injured parties in such actions, condemn them as wholly inadequate to meet the difficulty."

Insurance men working for years under the old liability system sometimes experience difficulty in adjusting their minds and attitude to the new conditions that have arisen by the going into effect of compensation laws, and the consequent paying for an injury on a definite basis instead of bargaining for a settlement with the injured employe. The old doctrines of fellow-servant, contributory negligence and assumption of risk have been wiped off the slate, and the money

paid by the employer for his compensation policy must provide for the payment of practically every injury, as it will be a rare case indeed where it can be proven that a workman was intentionally and wilfully negligent. The insurance adjuster must realize in this connection, and in his entire administration of the law, that industrial and economic development has made necessary the passage of compensation acts, that the old doctrine of precedent as administered by the law courts is giving way to the newer doctrine of paramount necessity, and the decisions and rulings of such a body as an Industrial Accident Board are based upon economic fact and common sense in the light of present-day experiences instead of precedent established in the misty past. This change has been made necessary by the astounding growth of modern industrial and commercial machinery, and court procedure has been left far in the rear, unable by virtue of constitutional and what might really be called hereditary restrictions, to keep pace with the march of industrial and economic progress. The writing of liability insurance was an outgrowth of the court system that formerly prevailed and was as necessary to the employer as the retaining of an attorney by the employe when injured; and now that the system that made necessary these expensive and wasteful methods has been thrown into the discard, the old forces must readjust themselves to the new order, or they, too, must pass into oblivion and make way for a newer force more in accord with the spirit of the times. Most of you, no doubt, have heard the story of the attorney and his client, but it will bear repeating, as it is illustrative of what sometimes occurred under the old system. The attorney, it seems, had recovered from the insurance company some two thousand dollars, and when he told his client of the amount he had secured the injured man said "That's great." The attorney said, "You're right. I certainly need the money." Now we are no longer settling with the injured man through an attorney; and I want to lay great stress on the fact that it is the duty of every insurance man entrusted with the administration of a compensation department to see that the injured employe is given every cent to which the law entitles him, and see that he gets it without any unnecessary delay. I do not mean by this that any man should be given money to which he is not entitled, as any such procedure would be just as detrimental to a successful working out of the law as to not promptly give to injured men the money to which they are justly entitled. Fortunately, we have had, in Michigan, very few attempts by malingerers to take advantage of the law.

Only two cases have come to light thus far in our experience of an employe securing, or attempting to secure, compensation payments to which he was clearly not entitled. In one case a man working in a small town had been injured and the insurance adjuster went to this place once a week to make his payments. The town boasted of one very large factory and yet was not so large a city as to make possible the maintenance of a branch agency. Mr. Injured Man came regularly each week for his money on the day of the adjuster's visit. This adjuster, like all adjusters, did not mind paying out money in legitimate cases, but, and herein he is also like most adjusters, he did not like to think that anybody could put one over on him. For some reason he became suspicious of Mr. Injured Man, and on investigation he learned that he was working every day and had been for some time, stopping just long enough to collect his weekly payment, and with the company's check in his pocket, returning to his duties. When the insurance man learned what was going on he threatened the employe with arrest for obtaining money under false pretences, and succeeded in impressing on the man so strongly the enormity of his offence that he disgorged two or three weeks pay, rather than take chances with the adjuster in court. The other case is somewhat similiar and came to the attention of the manager of the state insurance department, under whose auspices this particular

employee was receiving compensation. This matter has not yet been settled and may be left for the courts to decide. I speak of these cases so that you may know that we appreciate the difficulties that beset the insurance adjuster when he starts on his rounds to administer compensation under the new order. And it might be well here to interject the thought that comes to my mind in this connection, that one dishonest employee will do more to retard progress in the development of this humane law than the paying of compensation in a hundred legitimate cases.

But of even greater importance than the payment of compensation is the prevention of accidents, and it is gratifying to learn of the efforts being made by the employers throughout Michigan looking toward a reduction of the number of accidents; efforts that have resulted in the short space of ten months in reducing the fatal accidents almost fifty per cent., and the non-fatal injuries about thirty-five per cent. To those who have at heart the welfare of the toiler this lessening of accidents has been the most gratifying effect of the new law. The fact that every accident must be paid for regardless of fault has undoubtedly had much to do with this state-wide movement for the prevention of accidents. But it is doubtful if the movement for accident prevention would have been so successful or the interest so widespread were it not for the intelligent direction of progressive insurance men who long have realized that there is more profit in low premium charge and reduction of accidents, than either in defending law suits or paying compensation under a high premium rate. A healthy sign of the times in Michigan is the spirited competition of the leading companies to prove to the manufacturers of the state that each company's particular inspection staff is the best. The employers are not slow to realize the value of this inspection service, and the missionary work of the insurance companies in this line, supplemented by illustrated lectures and interesting literature, has awakened the manufacturers to the importance of improved working conditions and the necessity of reducing the risks of accidents. While this newly-awakened interest in the safeguarding of workmen is rapidly spreading, it is regrettable to learn that here and there is found a manufacturer who takes but little interest in the subject, and who fails to realize its importance either from a monetary or humane standpoint. It is with such employers that the insurance man must be aggressively insistent and not rest content until every manufacturer, large or small, has for his watchword, "Safety First." Fewer accidents must inevitably result in less premium cost under an intelligent system of rating, and cheaper insurance will eventually lead to an increase in the schedule of payments made to the injured employees under a compensation law, so that ultimately it will be possible to more adequately compensate every victim of an industrial accident. It is therefore as much to the interest of insurance men as it is to the benefit of manufacturers to improve working conditions, to reduce the risk of accidents, and to co-operate to the fullest extent with the Industrial Accident Board to the end that the cost of administering the law may be reduced.

I want here to express on behalf of the members of the Industrial Accident Board a slight meed of appreciation to the employers and insurance men of Michigan for the splendid co-operation rendered in the administration of the compensation law, a co-operation that has resulted in placing Michigan in the forefront of this universal movement looking toward the amelioration of the condition of the wage-earner, and has made the operation of its law the wonderful success we find it today.

It must not be thought that we of Michigan are over-enthusiastic in our expression of appreciation of our law. Our experience justifies us in the statement that it stands today the most successful of any compensation law on the statute books of any state. If success is the gauge of merit, we may indeed lay claim to much merit in our law, as it has today embraced under its protecting folds almost 9,000 employers

of the state, who have in their employ approximately 450,000 workmen. These figures do not include the employes of cities, villages and state institutions who are automatically brought under its provisions. So it may be fairly said that more than half a million wage-earners in Michigan are today secure from the haunting fear that formerly accompanied the receiving of an accidental injury to a workman while engaged in the course of his occupation.

One of the important questions confronting the insurance companies is the establishing of premium rates. While it is a fact that the cost of administering a compensation law may be more accurately predicted than could the cost under the old liability doctrine, sufficient experience has not been had to enable any man to accurately forecast what would be a fair and just rate. In spite of the specific indemnities provided by a compensation act, the varying facts and circumstances surrounding each particular accident, the varying medical cost, the difference in human nature and the dissimilarity in the attitude of employes, coupled with lack of experience, make difficult a scientific adjustment of a premium rate at this time. There is extreme danger in attempting to make a rate too low, and we cannot too vigorously condemn any company which may endeavor to secure business by quoting rates below those set by companies which have earnestly and intelligently tried to learn what the approximate cost of carrying the risk of a given industry will be. The reduction of premium price on the part of an insurance company will open the way to temptation to make good its loss from the employe. This practice must not be allowed to gain a foothold. The Industrial Accident Board of Michigan will not tolerate in that state any attempt on the part of an insurance company to square its premium rate at the expense of the injured employe, so it behooves the insurance men of Michigan to make rates that will adequately cover the cost of the risk.

The same trouble that confronted the Massachusetts Board in relation to charges for physicians' and hospital service is now faced by the Industrial Accident Board of Michigan, but it is not thought that the question presents any serious menace to the successful operation of this particular feature of the act; and as the law in Michigan gives to the Board the authority to pass upon the reasonableness of such charges, we believe this problem will eventually work out to the satisfaction of all interested without making necessary the adoption of any drastic regulations to control either the physicians or the hospitals. One case coming to the attention of the Michigan Board will be of interest as displaying the viewpoint of at least one physician in our state, and will at the same time illustrate the ease with which such problems can be settled under our Act. A piece of steel flew in the eye of a young workman and it was removed by a physician with the aid of a magnet, for which the doctor made a charge of \$25.00. On being requested by the Industrial Accident Board to give reasons as to why such a charge was made, he replied that as an insurance company was to pay the bill he thought \$25.00 was a fair charge! The Board allowed him a fee of \$5.00 for the "operation." Another feature that is closely allied to this question is that of selection of a physician by the employe. This matter has not been definitely settled, nor has the board made even a tentative ruling in regard to it, because while it is a fact that it is to the interest of the employer to secure in all cases physicians and surgeons of the highest standing, it is nevertheless realized that oftentimes the selection of the employer is objectionable to the employe and there is the further danger that the contract surgeon will not always give to each individual case the attention it requires, so it appears at present that this matter, too, must be allowed to adjust itself, and the employe be allowed at least a certain latitude as to the selection of a physician. Some cases have arisen where the doctor selected by the employer is busy on another case, when his services are imperatively needed, and no obstacle should

be put in the way of the injured man getting medical help at the earliest moment. Only last week we had the case of a man who waited almost all the afternoon in the office of his employer's physician to be treated for an injury to his foot, over which a small truck had run, and unable to await the doctor's return, sought another physician. It will be realized in view of such an experience that the attitude of the Michigan Board on the question of selection of physicians is the only one that can be consistently taken at this time. Ultimately the physicians will realize that unless they give a square deal to the employer, employe, and insurance company alike, their chances will be slim indeed for getting any of the business that arises from accidental injuries. The payment of compensation to alien dependents is a question that is becoming very important in Michigan and I trust that some of the visiting brethren from the other side of the Atlantic will enlighten us as to the procedure necessary on our part to learn if there are any dependents, the extent of dependency and how best to proceed to put any money to which the dependents may be entitled into their hands with the least possible delay and without making necessary the incurring of any unnecessary expense in the transfer of the money. The elimination of attorneys and administrators, if possible, will reduce both delay and expense. If some suggestions can be made and information given by those familiar with European customs as to how the employer can get in direct communication with the relatives of a deceased employe, looking toward the payment of compensation without the intervention of a third, fourth or fifth party, the intelligence will be gladly received and much appreciated not only by the employers and the insurance men but particularly by the members of the Industrial Accident Board.

I have prepared some figures from the records in our files that I believe will be somewhat of a revelation even to those who are familiar with the enormous development of modern industry and the consequent increase of hazard to the employes. The figures loom large in the aggregate and under the old system of court procedure it is safe to say that not more than 30 per cent. of the victims of these industrial accidents would have even attempted to recover in court, and what small percentage of this number would have secured judgment it is needless to estimate. What is of particular interest to us all is the pleasing fact that under the administration of a compensation law out of a total of 15,272 accidents reported, compensation was paid in 8,982 cases, and of this great number of injured men only 200 applied for arbitration and of the 200 arbitration cases that have been called for only 25 were appealed to the full board from the decision of the arbitration committee. Of these 25 appeals four have been submitted to the Supreme Court for final decision. Compare this method with the old, and pause for a moment to consider that under the old system these 200 cases would hardly have found their way into court, and even had they gotten thus far there would have been the inevitable delay that invariably accompanied a suit at law. Under the business-like and common sense procedure provided by the act we find out of almost nine thousand cases calling for compensation, although the act has been in force less than a year, only some twenty-five cases not finally adjudicated. And the total cost to the state of the 200 cases that were brought for decisions before arbitration committees, was less than \$3,500, or about \$17 a case. As it costs almost \$100 a day to maintain a court, the saving to the people can be readily estimated. But of even greater import than this enormous saving in money is the fact that the injured employe or his dependents were in receipt almost immediately of the much-needed compensation to which they were entitled. The importance of the questions to be decided by the Supreme Court warrant me in giving in brief detail a history of the cases and bringing to your knowledge the points on which decision is asked for.

The first case to be appealed, and on which a decision will no doubt

shortly be forthcoming, the matter having already been argued before the court, has been taken up on the question of wilful negligence, the deceased employe having attempted to slide down a rope instead of using a ladder that was furnished by the contractor. The arbitration committee decided the widow of the employe was entitled to compensation, and this decision was appealed from in due course to the full board, as provided by the act. The board's findings sustained the award of the arbitration committee and said in its opinion that the practice of sliding down the rope had been tacitly allowed, and other employes had used it and that the accident arose out of and occurred in the course of his employment. It is hoped that when the opinion of the Supreme Court is rendered it will deal in an extended manner with this important question of intentional, and wilful negligence and that its opinion and decision will be a guide for future cases that may arise.

The refusal of an employe to allow an operation when the physicians were of the opinion that in no other way could the injured man's life be saved brings for decision another important question. In this case although the man at first refused to allow the operation, he afterward consented, but, in the opinion of the attending physician, too late to save his life. Whether the final consent will have any influence on the court's decision remains to be seen. The main point at issue, the refusal to consent to an operation, is an important one, as oftentimes the patient and the family relatives believe there is more danger in an operation than if the injury is allowed to run its course. And on the other hand, where is the doctor who will say positively that the operation would have saved the life? This problem will undoubtedly have much light thrown on it by the Supreme Court in its findings.

The method of computing the average weekly wage is now before the Supreme Court in a case where the industry employs the men but 211 days a year. The Board's decision that 211 days is not substantially a full year was not agreeable to the employer and he asked for a ruling from the highest tribunal in the state. The section relating to this matter is the most complicated in the Michigan statute and if the Supreme Court can throw any light on it, great service will be rendered the state.

One other case which will go to the Supreme Court is as to when an accident arises out of the employment. A factory hand in running to punch a time clock was knocked down and suffered injuries from which he subsequently died. The decision of the arbitration committee awarding compensation to the widow was appealed from and we are now awaiting the decision of the Supreme Court as to whether or not such an accident arises out of the employment.

I have given but a skeleton outline of these cases, but desired simply to apprise you of what we are doing in Michigan so that if interested, you would make it a point to learn of the decisions handed down by the Michigan Supreme Court in the cases mentioned, decisions which will undoubtedly be of inestimable value in enabling all interested in the administration of our law to be guided in their actions by the light shed on these important points.

I have purposely refrained from making a comparison of the experiences in Michigan attending the administration of the law under the various options granted by the act to the employers of the state. I was however, somewhat amused recently to hear an advocate of the compulsory state insurance plan illustrate a point he wished to make in defense of his argument by comparing the four options to four horses in a race and stating that while the fastest horse would win, he would be held back by his competitors. The framers of the Michigan Act in their discussions prior to the passage took the contrary view and it was their opinion that the competition between the various forces administering the law would bring out the best in each and that the people of the state

would benefit by the very competition that is condemned by the advocates of the compulsory state plan. Our experience in Michigan seems to have proven that the commission of Michigan was right in its surmise.

The Michigan Law was the first to incorporate in its provisions the four options granted to the employer for providing for the payment of compensation. The options are too well known to need recounting here; but our experience in Michigan seems to show that there is room for all, and that each method has its own particular field, and each is successful in its own way. It is rather early to predict which of the four methods will ultimately survive; it may be that they will all continue to successfully operate. Time alone will tell. It might be interesting to you to know of the causes that led to the adoption by the commission which formulated the Michigan Act, of these now much-discussed four options. During the period of investigation of the commission prior to the framing of the law, many public meetings were held and each method had its advocates. Some contended that the law could be more cheaply and efficiently administered by a state insurance department, others contended that the ideal way to administer the law would be through mutual companies, some advocated the plan of the employer carrying his own risk and paying direct to his injured employees, while representative insurance men asserted at such hearings that liability companies operating on a profit-making basis could, because of their greater experience and advantage of their organization, insure against such risks at a lower rate than under any other method. In view of these expressions the commission thought it advisable to permit, subject to the approval of the Industrial Accident Board and the restrictions set forth in the law, the use of any one of these four methods, with a view to enabling the state to determine as the result of actual experience which of these methods is, in fact, best adopted to the needs of the employers and employees of Michigan.

The success in Michigan under the four options may best be illustrated by giving the figures at hand July 1st as to number of employers operating under the act and the methods they have accepted of providing for payment of compensation.* These figures tell volumes, and will

*INDUSTRIAL ACCIDENT BOARD STATISTICS JULY ONE, NINETEEN THIRTEEN

During the month of June 554 employers accepted the provisions of Act 10, Public Acts, 1912, securing its benefits for 11,634 employees and swelling the ranks of the former enrolled under the Michigan compensation law to 8,884, while the total number of employees so covered is increased to 445,743.

The month's toll of dead was 30; of amputations, 176; of major injuries, 317; of minor hurts, 660; a total of 1,183 industrial accidents. The month added to the number of employees who have received or are receiving compensation 1,036.

Complete statistics for the ten-month period follows:

Employers operating under act.....	8,884
Employees operating under act.....	445,743
Total number accidents reported.....	15,272
Total number agreements executed.....	8,982
Males injured..... 11,971	Females 301

ACCIDENTS CLASSIFIED

Fatalities	336	Amputations	1,702
Major	5,485	Minor	7,749

EMPLOYEES CLASSIFIED AS TO DIVISION OF INDUSTRY

Manufacturing	243,146	Mining	40,585
Transportation	42,572	Merchandising	40,117
Public Utilities.....	5,338	Publishing	7,821
Realty and Management.....	5,888	Construction	58,245

EMPLOYERS CLASSIFIED AS TO METHOD OF CARRYING RISK

Liability Insurance.....	7,848	Own Risk.....	562
State Insurance Dept.....	289	Mutual Insurance.....	185

PERCENTAGE OF EMPLOYERS IN DIFFERENT CLASSES†

Liability Insurance.....	.88	Own Risk.....	.06
State Insurance.....	.03	Mutual Insurance.....	.02

†Although these percentages total but 99%, yet they are the figures as submitted by Mr. Drake. — Editor.

display better than any words of mine, the sentiment among employers of Michigan as to the best way, in their judgment, to administer the compensation law. Of 8,884 employers 185 are operating in the two mutual insurance companies that have been formed, one in Grand Rapids, confined exclusively to the furniture industry, the other having its headquarters in Detroit and confining its members to no one industry, 289 are operating under the supervision of the state department, 562 have been given permission by the Industrial Accident Board, to carry their own risks, and 7,848 are buying their compensation policies from the stock companies. Now, I yield to no man in the opinion that the state should be able to administer a compensation law as economically and efficiently as any of the other methods; likewise I am of the belief that mutual companies if efficiently managed will succeed; but the fact remains nevertheless that at the inception of the new act the State of Michigan was fortunate in having such a splendid organization in the field to take from the shoulders of the employers of the state the burdens put upon them by the act, organizations that were prepared to bestow with but little more than a ripple on the commercial waters the blessing of the compensation law upon the injured employes. It could not be expected that the state department could develop over night a force and a system that would take care of the multitude that desired to come under the provisions of the new law. Economy in operation means much, but efficiency and service means more, and that system which gives to the employer the most efficient service is the method which will always be the most successful, whether it be mutual, state or stock insurance. Of course you will agree with me that the ideal way to administer a compensation law would be where there is no cost of administration, where every dollar paid by the employer would go direct to the employe, but this is just as impossible as it is to expect every resident of a city to buy his produce direct from the farmer. There must be some intermediary, and even when the employer carries his own risk he finds it necessary to hire men to organize and direct a department to take care of the injured; he must establish at least a first aid department and oftentimes a hospital; so whether an employer carries his own risk, insures in a mutual, state department, or stock company there is always a cost over and above the compensation payments.

Whether there is need for an insurance company in the administration of a compensation law I am going to leave to my hearers to decide. The essential functions of stock companies in the administration of the law as to the prevention of accidents, furnishing of medical and hospital service, and prompt payment of compensation are so well understood by the insurance men of Michigan and so efficiently administered by them that I can only say in conclusion that they have perhaps done more than any other agency to make our law a grand success.

Address of Carl M. Hansen, Secretary of the Inspection and Merit
Rating Department of the Workmen's Compensation Service
Bureau, on "Merit Ratings of Liability and Workmen's
Compensation Risks"

MR. PRESIDENT AND GENTLEMEN OF THE INTERNATIONAL ASSOCIATION OF
CASUALTY AND SURETY UNDERWRITERS:

It is always with a certain degree of reserve that I go before any audience for the purpose of speaking publicly. This reticence is of necessity more pronounced, where, as is the case to-day, the audience is composed of the masters of the subject on which my address will bear and where in that audience are the very men who have taught me all I know about the problem under discussion. However, when your Vice-President, Mr. J. S. Rowe, so graciously extended the invitation for me to prepare and deliver a short address before you on "merit ratings for liability and workmen's compensation risks," I accepted the honor thereby conferred with pleasure and appreciation. If for no other reason, I felt, it would at least give me an opportunity to bring before you gentlemen,—abstractly,—the magnitude of the problem, in the solution of which we are at present engaged, and,—concretely,—how comparatively little we know about it, thereby demonstrating to you the imperative need of energetic, systematic, co-ordinate research work on the part of all parties interested, and among these parties you gentlemen by the very nature of your profession and business stand out pre-eminently.

I have found it somewhat difficult to define satisfactorily the synonym merit-rating when applied to liability and workmen's compensation insurance, because the definition depends largely upon the system's application or where we fix our basis rate.

There are three plans or methods through which merit-rating can be successfully applied.

First—We may construct a hypothetical perfect plant, establish standards for safety and sanitation in that plant, and charge the owner a certain number of dollars, cents or a certain percentage of the basis rate for each deviation from these prescribed standards.

Second—We may on the other hand establish a hypothetically very poor plant with no guards at all, use the same standards of safety promulgated for the hypothetical perfect plant and credit the owner of the establishment for each item of the standard complied with, and

Thirdly—We may take what we term an average plant; average as they are to-day, establish sub and super-standards and charge or credit for each item, respectively, as to whether they are below or above the average.

The ultimate result of the three methods must of necessity be the same (provided our basis rate is correct in all cases) and as to which one of the three to use or apply is a matter of expediency rather than principle.

In the first method, we make the basis rate comparatively low, and build by charging for all deficiencies. This was the method I originally favored, but it is held by many students of the subject, and I now believe their contention warranted, that the moral effect upon many employers would be bad if they were charged for all items and no credits given, that it would be inducive to continual dissatisfaction

and contention on account of the rate, and that therefore, even though theoretically and practically the actual result would be the same under this as the other methods, for psychological reasons this plan was discarded, at least for the present.

In the second method we make our basis rate comparatively high, and reduce, by crediting for each safeguard adopted in compliance with our standard. This method, whereas it will undoubtedly have the best moral effect and create the least amount of dissatisfaction among employers in general, will meet with opposition on the part of our law makers and state factory inspection departments, because the entire hazard with every item in the shop unguarded is covered in the basis rate, the same as under liability insurance, and therefore should the employer be so inclined, he might, without danger of financial ruin to himself, refrain from doing any safeguarding at all and it would make it more difficult for the factory inspection departments to enforce safety statutes. You will, of course, appreciate that the employer to whom this line of reasoning would apply, is a rare exception, but the argument has been advanced and I believe with some merit.

Of the two, the first method is the most logical and scientific because it keeps before us at all times the ideal and perfect, with a penalty affixed if no efforts are exercised to approximate that ideal, whereas in the second method we would often be crediting or economically remunerating a man for obeying the law; a state of affairs not to be desired in any phase of human endeavor.

We have now left for consideration, the third method, that of the establishment and definition of an average plant as they are to-day, with debits and credits for sub and super-standards respectively, and this is the method or procedure adopted by the Workmen's Compensation Service Bureau. It has one distinct advantage, and that is, the basis rate will be more easily determinable under this plan than either of the two foregoing. The basis rate under the third method will more nearly approximate our present rates for workmen's compensation insurance as based on the law of average. The absence of dependable data, public or private, on this continent, as to causes, frequency and severity of industrial accidents, will make it difficult to establish the basis rate under either of the first two methods.

I said the basis rate under the third method would more nearly approximate the present workmen's compensation rates (that is, of course, assuming that these rates are correct) and I think that statement is justified. This rate is, as we know, computed on the law of average or based on the cost of accidents over a wide area in the particular classification under consideration. Now I think we will all agree, that a number of the industries embraced in that classification, have been paying too large a share of the average, in comparison to the number of accidents which have occurred in theirs and in other plants, and in comparison to the probable or anticipatory accidents which the physical and moral condition of their plants presents as against others. On the other hand, it is equally true that many of them have been paying too little in the same comparison, and to equalize this injustice, merit rating steps in,—not to annihilate the law of average, on which all true insurance is based,—but rather to amplify that law. I think therefore that we may now define a merit rate as “a rate on an individual plant, based on the basis rate of the classification to which the plant belongs with debits and credits in direct ratio to the ratio of safety to probable or anticipatory accidents that particular plant presents compared to the average plant of to-day of the same classification.”

We are, however, not so much interested in the phraseology or term of what we are going to do, as are we, in how are we to do it.

The question as to how we are going to measure the degree of safety in the individual plants in comparison to the average plant,

naturally presents itself first. How must it be done? The answer is simple—by inspection. There is no other way or method, but this inspection is the crux of the entire problem, because here is where the expenses are incurred, and it is expenses that company managers are all endeavoring to keep down. However, this is an absolutely essential and necessary expense that must be incurred, and charged to the ultimate cost of workmen's compensation and other forms of liability insurance, whether this insurance is underwritten by stock companies or by other methods, and it is here hardly necessary to state that the stock companies with their already existing organizations of experts and trained men, offer an advantage over other insurance carriers, in this respect as in every other, so great as to be entirely beyond comparison.

Next we may ask, after we have gathered, through inspection of the individual plants, the data requisite to prove whether a plant is above or below the established average, how are we going to measure the value on the different items in the schedule so constructed? Here, gentlemen, the answer is not so simple, because as previously stated, we have no dependable American data or statistics as to causes, frequency and severity of industrial accidents, on which to base these values scientifically. There are very few American companies who have kept statistics on either of these three subjects under liability insurance. They were not essential to the conduct of that class of insurance, and therefore the companies were justified in not incurring the added expense of gathering them; an expense which would have increased the cost of their statistical departments considerably. They will, however, be essential under workmen's compensation insurance, and it may not be amiss to suggest (although I know the company managers have already given it attention) that the sooner all the companies agree on a uniform system of keeping statistics on these items, the sooner we will be able to use them in assigning the scientific and true value to any given cause.

We are not entirely without useful data, however. Several companies have kept statistics on these subjects and we have tens of thousands of accidents classified under specific common causes which undoubtedly will be placed at our disposal when affixing the values in our schedules, and besides, we have volumes of European experience and statistics on the same subject; statistics by the way which are positively dependable. I take the liberty to state, and without fear of successful contradiction, that we have shown too great an aversion to the use of European statistics at all; that is, as far as the causes, frequency and severity of accidents are concerned. There is a way in which these statistics and, especially the German and Austrian, may be of great value to us for comparative purposes and in which they may be quite safely utilized.

In an address delivered before the Actuarial Society of America at their annual convention in Toronto, Mr. A. H. Mowbray, a Consulting Actuary of San Francisco, Cal., outlined a plan, which I, for one, believe has a great deal of merit. I was personally associated with Mr. Mowbray for almost a year on this subject and agree fully with him, that if the German and Austrian statistics on these items are handled carefully, by the underwriter, actuary and safety engineer co-ordinately, we will find their use of great benefit in the solution of our problems on this continent. Differences in amount of compensation and all basic conditions bearing upon the cost of insurance must be taken care of in the basic rate, and simply the varying conditions in the individual plants, in the merit rate.

Another factor entering into the successful application of merit rating of compensation risks, and one with which we are going to have some trouble, is the segregation of payroll, so as to determine the relative importance of a given cause, that is, the amount of payroll which is exposed to a specific cause in a particular plant, this you will appreciate will vary in practically every instance. For the present,

however, we must be satisfied if we secure data on the approximate number of employees so exposed. To endeavor more refinement on that point at this time would be suicidal.

The absence of dependable statistics and data would, on cursory reflection, seem a handicap. I am, however, of the opinion that it will rather prove a blessing, and for this reason—it will inspire conservatism. It precludes our going into the problem too fast, which, if done, might result disastrously. The very absence of the statistics referred to prohibits this. Further it will give us an opportunity to educate ourselves, as well as the employers and public at large, to this new system. It will, as it were, compel us to crawl before we walk, but it will, on the other hand, give us a splendid opportunity for building our foundations solidly, getting to bed rock, so to speak.

The absence of these statistics should, therefore, under no circumstances deter us from going ahead with our merit rating system as fast as prudence dictates. Our experience as liability underwriters, actuaries and safety engineers has given us sufficient training to warrant our assessing the common and apparent causes of accidents on the data already at hand, with comparative charges, where found unguarded, and corresponding credits where they are found guarded, and likewise does our experience justify our judging the comparative importance, which the character and intelligence of employees bear to the ratio of accidents in the individual plants, and the relative value of good and poor management, expressed in general cleanliness, order and sanitation of shops.

Acting upon the advice of the most experienced men on this subject, we have, however, refrained from going very far in our first general schedule. We have embodied in that schedule about 80 items, charges and credits, distributed under the following headings:

- Buildings,
- Foundations,
- Skylights,
- Tanks on Roofs,
- Floors,
- Floor Opening,
- Hoistways,
- Stairs,
- Elevated Runways and Platforms,
- Boilers,
- Boiler Stacks,
- Engines and Prime Movers,
- Gas Engines,
- Electrical Equipment,
- Power Transmission Equipment Not Including Direct
Transmission of Power to Working Machines,
- Maintenance and Inspection,
- Moral Hazard,
- Protection Against Fire Hazard,
- Explosives,
- Sanitation,
- Ladders,
- Hand Trucks,
- Yards,
- Grinding Wheels.
- Elevators.

To go into detail of each item comprised under these headings, and analyze the why and wherefore, we have affixed a specific or discretionary value to them, is impossible in the time at my disposal.

Suffice it to say that each item was taken up separately and discussed from all angles by representatives of nearly all companies before being submitted for final adoption.

We have in addition to the schedule so constructed established an equal number of standards and super-standards to be used in connection with it. You will realize it is not enough to tell the owner of a plant that he must guard his equipment with approved safeguards. We must be able at the same time to lay down definite rules as to what constitutes approved safeguards, and we have done so. The standards are necessarily imperfect and will undoubtedly have to be revised frequently, and suggestions to that end are invited, not alone from the inspection departments of the individual liability companies but also from manufacturers, private safety engineers and state factory inspection departments, but until revised or altered, it is absolutely necessary that they be adopted in toto by all the subscribing companies, and that their inspectors be instructed to adhere strictly to them in making recommendations, that is, of course, as far as local conditions will permit, but on this principle only can we hope to finally get perfect standards. We appreciate it will work injustice in some cases, but in the long run it will be conducive to the greatest good to the greatest number, and anything based on that principle is fundamentally just and practicable. In the general schedule enumerated above, you will note we have not taken into consideration the actual hazards inherent in the working machines used in the operation of the various industries. For this purpose we are now preparing special machine hazard schedules. They will necessarily also be imperfect in the beginning. There is a great divergence of opinion among safety engineers themselves, as to what constitutes a proper safeguard on a given machine. The requirements which I would demand of a safeguard would be,

(a) That it be, if possible, automatic in its action, application or operation.

(b) That it be, if possible, an integral part of the machine itself.

(c) That it afford all possible safety to the operator and surrounding workmen.

(d) That it do not materially diminish the output or efficiency of the machine on which it is applied.

These are at least the principal points to be considered in general. Individual problems will arise in addition on separate machines in question, but my suggestion would be that the Bureau approve no safeguards unless they fulfill these requirements. This would not mean that no credits should be given for safeguards which did not come up to that standard, but it would mean, that safeguards not meeting at least the first three mentioned requirements, would not be designated standard, and could not be advertised as having the endorsement of the Bureau, and therefore be entitled to the maximum credit in the schedule, if applied.

On this point there is apparent need for research work immediately, in order to test and determine the relative value of the different safeguards on the market, and my suggestion would be that we lose no time in getting at it, because information so gathered will be absolutely necessary in the construction of scientific schedules for working machines.

Contractors' and Mining Schedules must also be constructed, but we have, in the short time during which the Bureau has been in existence, not been able to get around to them. They are, however, as important as the manufacturers' schedule and will receive attention in due course.

I have so far dealt with the subject from the point of workmen's compensation insurance only, but I feel that merit rating is as essential

and practicable in other forms of liability insurance. Let us take for instance, elevator insurance. The hazards inherent in elevators are well known to all liability underwriters and engineers. Now if part of these hazards are eliminated, it appeals to reason and seems a matter of common justice that consideration should be given in premium rate in direct ratio to degree of elimination, and the application of the merit rating system in this case is far easier than where we have under consideration an entire shop with its numerous machines practically all with varied hazards.

The same argument applies to public liability on buildings. I trust, gentlemen, I shall not be judged presumptuous in earnestly suggesting and urging that you extend the system of merit rating to these lines as speedily as prudence dictates.

As to the reasons for and the practicability of the adoption of merit ratings in liability and workmen's compensation insurance, they are so obvious and apparent to all you gentlemen that it would seem superfluous for me to say anything about it. However, with the honor of having been appointed the first secretary of the Bureau, confronting me, I am sure you will pardon my digressing for a few moments on this point. I naturally feel keenly about the consequence a possible failure in the beginning would entail. When here referring to consequences, I do not allude to its effect upon me personally but on the principle involved as to whether stock companies can successfully solve this problem, that is what the manufacturers and the public at large on this continent are vitally interested in.

As for the word failure, it should never have been embodied in the English language, because, if a principle is applied and applied rightly and honestly in any phase of human endeavor, it would never be needed. It is only where misapplication of principle is in evidence that the word can ever apply. As to whether that synonym shall ever be applied to our system of merit rating does not depend, however, upon your Secretary. You can easily substitute him if he proves inefficient, but you cannot as speedily restore public confidence if once lost. The secret of success generally lies not in one individual's effort, but in individual efforts expressed in co-operation and in coupling public with self-interest. It is not alone necessary that the Bureau is sustained liberally financially to enable us to carry on our research work without handicap. It is as essential that you contribute liberally of the best men and minds in your employ to help solve the various problems which will confront us. Your very action of having authorized the formation of the Bureau shows that you appreciate these facts and I am simply drawing attention to them again to indicate the need of continuing the same liberal attitude. We have, as it were, not even scratched the surface yet. If we in five years can be on a solid scientific working basis, we are doing wonders.

But the work is worth while, gentlemen. In the solving of the problem of merit-rating, the liability insurance men of this continent are shaping and preparing themselves to become the greatest single constructive force in our industrial life, and it is no more than right they should be. Insurance in itself is one of the most benevolent institutions ever bestowed upon mankind. It is simply a plan of the strong and fortunate extending a helping hand to the weak and unfortunate when calamities have overtaken them, and that indeed, gentlemen, is the fundamental of all brotherhood, but if the machinery of insurance can be utilized in such a way as to partly prevent or eliminate the misfortune or calamity itself, the benefaction becomes still greater. This, merit-rating of liability and workmen's compensation insurance will accomplish. It will be the greatest incentive for conservation ever advanced—conservation of our greatest natural resources, our vital resources,—our Nation's men and women, and we may rest assured,

that efforts conscientiously exerted for such a purpose, will in time be duly recognized and appreciated, and will do more to remove the stigma, which self-seeking politicians and notoriety-seeking demagogues by misrepresentation have endeavored, and partly succeeded, in attaching to liability companies, than any other means.

If we know we have done our duty, we need not fear the result. When the wave of hysteria, which at present is sweeping over this continent, has subsided, when we again have re-established, truly, a government by law rather than by men, when the great American public (and when I say American, I include our Canadian brethren whose hospitality we are at present enjoying) shall finally have time to reflect, and review the compensation question from all angles, with evidence introduced on both sides, which to-day is a practical impossibility, when the efficiency and absolute security of stock company insurance as against state or other forms of insurance shall be weighed in the judgment of that greatest of all tribunals—public opinion—then if we come with clean hands, the verdict will be in our favor, not alone because of efficiency and absolute security, but also because stock company insurance is the system adhering most nearly to our cherished institutions of democracy. Under that system, in fair competition with other legitimate systems only, can we retain that absolute freedom of thought, action and decision so necessary to successful democratic government, but one of the essentials, gentlemen, which the stock companies must be able to present is, evidence that they have successfully solved the problem of merit-rating. The solution is within our grasp. All we need is co-operation and honest efforts and for our own sake and for the sake of the nation of which we are a part, we should leave no stone unturned to approximate the solution.

Mr. President and Gentlemen, I thank you.

Address of H. C. Hedden, Secretary New Jersey Fidelity & Plate
Glass Insurance Company, on "Changing Conditions of Plate
Glass Underwriting"

MR. CHAIRMAN AND GENTLEMEN :

When plate glass insurance was instituted in this country in the late 60's, plate glass was a rare and expensive luxury. There were but a few store fronts equipped with it and the entire supply was imported from Europe. Only the leading retail stores on the principal streets in the largest cities could afford the extravagance of a plate glass display. When the first policies were written in 1868 they were so full of conditions that it was difficult to learn whether the company had any liability or not and an application would rival a life insurance application for the number and intricacy of the questions. There was no experience on which to base rates and observation and inquiry gave only a slight foundation for computing premiums on a profitable scale. No error was made by the surviving old companies in this respect but many an ambitious bushwhacker fell by the wayside.

For twenty-five years after the advent of plate glass insurance the wooden construction prevailed in its entirety although occasionally wooden corner bars covered with brass or copper were used but only by the most radical progressives.

In the sixties and early seventies the plates were all small computed by the present standard, but about 1875 the sizes began to grow larger until they developed into the mammoth sizes of to-day. During the first twenty years of plate glass insurance, there was little or no real underwriting. The stores containing plate glass were all located on the principal streets and in the retail centers and these sections were the best policed, neither was there the great congestion at these points which prevails at the present time. Consequently, all risks were practically alike and the rates were uniform.

During the eighties plate glass ceased to be a luxury and became a necessity. Factories were erected in this country and as the supply increased its use became more common and even buildings of very modest pretensions were fitted with plate glass store fronts. From this time the business of plate glass insurance kept pace with the building developments. During the past twenty years, the introduction of new forms of construction such as clamps, metal bars, full metal fronts and steel construction together with the problems of location, congestion, exposure and traffic have entirely changed the old haphazard methods and given place to more or less intelligent underwriting. It is good proof of this statement that not a single company is in existence to-day which writes plate glass insurance at cut rates except those organized within the past three years and so insignificant is the competition of these companies that the volume of business written by them is less than one per cent. of the total amount.

This brings us to the formation of the Plate Glass Service and Information Bureau. No organization heretofore established has done so much in the interest of sound practice and to promote good underwriting as this same Bureau. This body is not perfect in its workings and service, but it is improving every day and it will continue to improve as it is backed by the largest experience and best brains in the business. There has been criticism from the outside and difference of opinion on the inside, but every member will agree that to-day the Association is stronger and better than ever, due largely to the indefatigable energy and the sound and conservative judgment of our former Chairman, Mr. E. W. DeLeon. The chief obstacles to even more progress have been a lack of confidence on the part of some members, and unwillingness on the part of others to make sacrifices for the general good and a disposition on the part of still others to insist on their own judgment rather than abide by the decision of the majority. Notwithstanding these difficulties, Mr. DeLeon guided the Bureau through the threatening storms with a firm hand and by his able diplomacy settled all questions of difference until now our organization is respected as an important factor in casualty insurance.

The object for which this Bureau was formed is by no means consummated. New problems requiring solution are being presented and will continue to come before us from time to time. New forms of construction are being constantly promoted. As in the past some will be good, some will be bad, and some will be neither good nor bad. Heretofore companies have classed all metal constructions, except clamps, with wooden frames, and charged the same rates for all; good bad and indifferent. Almost immediately after the introduction of clamps the companies recognized the increased hazard and made rates accordingly. However, it has been some years since the first copper bars and full metal construction made its appearance and the failure to differentiate between the different forms has cost the companies hundreds of thousands of dollars. The underwriters are now going over their experience with the view of separating the various bars and frames and making each bear its proper cost of insurance. But as stated before new forms of construction will be constantly coming before us and we can only base our rates on comparison, sound judgment and specific guarantees given by the manufacturers.

I wish to bring to your consideration the change in the conditions of plate glass insurance during the past ten years. Prior to the opening of the present century practically all plate glass insurance was written by five old companies. Since that time millions of capital have been invested in casualty insurance companies and a competition has been created that was not dreamed of a decade ago. The condition is here although some of the "old boys" cannot seem to realize it. There is no monopoly in the business to-day nor in any portion of it—not even a single policy. Every old company must expect to lose some business to these young and husky competitors and should accept the loss gracefully where the competition is honest although keen. Any individual or corporation that cannot meet fair rivalry under equal conditions must invariably succumb. "Every tub must stand on its own bottom" and it behooves each of us to see that there is no leak in the bottom of our own little tub or if there is one to stop it immediately.

There is just one other matter to which I desire to call your attention and that is the heavy expense ratio attending the conduct of the plate glass insurance business. This feature has already been criticized by the New York Department and an admonitory warning given to curtail expenses. Not only have the commissions paid to agents been excessive but in some large cities in many cases the brokerage paid seems to

have been limited only by the demands of the broker. In fact, there is no rule nor agreement to limit the commissions that can be enforced except in the City of New York and eighty per cent. of the entire expense of conducting the business goes to the agents or brokers. That reform in this direction is necessary is apparent to all and if the companies do not give this matter serious consideration and take remedial action in the near future, it is more than probable that the various insurance departments will force the issue or that some radical laws will be passed to limit the expenses of the companies. This warning may be taken lightly and I am neither a prophet nor the son of a prophet, yet I confidently predict that unless some reform is voluntarily inaugurated we shall be forced to face a stern condition sooner or later—probably sooner.

In closing I wish to express appreciation for the excellent work that is being done by the Plate Glass Service and Information Bureau and the International Association and I especially wish to compliment our Chairman, Mr. Moore, for his earnest interest and his effective activities in improving the conditions of the plate glass business both in the Bureau and the Association.

“Said the Governor of North Carolina to the Governor of South Carolina —.”

Address of E. B. Anderson, Superintendent Plate Glass Department,
Royal Indemnity Company, on "Plate Glass Insurance —
As It Is — As It Might Be"

The past year has produced no pronounced changes nor developments in the realm of Plate Glass Insurance, but it has witnessed the growth of an earnest desire for co-operation and what appears to be a gradual decaying of the old principle of rate cutting to increase business; that is, with a few exceptions.

To hark back to the fall of 1910; the outlook was gloomy indeed and there seemed to be no immediate prospect of its brightening. The only association controlling rates and practices had suspended operations and its life was nearly extinct. New companies were in a formative process and this did not tend to improve matters. Judged from the past, it seemed useless to expect any co-operation until the new arrivals had secured enough business to have a protective agreement appeal to them.

However, in the January following, a movement was started which has, with a few pauses, continued and which at the present time bids fair to go on indefinitely. The impetus was gained by the formation of the Plate Glass Underwriters' Association; this proving a success, in May of 1911 the Plate Glass Service & Information Bureau was organized. This latter association governs the domestic happiness of Plate Glass underwriters in 30 states. While rumors of divorce have been in the air at times, nothing serious has developed and it now appears that the members of the parent association are on a better footing than ever.

There is much to be done before the business reaches the plane on which it should have been placed years ago. Despite the fact that Plate Glass Insurance is one of the oldest of casualty insurances, it is still in its infancy so far as it may be considered a scientifically rated and conducted business. The principal idea with some seems to be to feel complacent if the result as a whole is satisfactory; to establish a scientific method of estimating costs is quite unnecessary.

It is an accepted fact, I believe, that the only safe, sane and businesslike method to follow is one which will provide a profit; this can be done in only one way—to sell insurance for more than it costs; to determine costs requires a little time, patience and expense, but the results obtained are more than compensatory for the outlay, they are invaluable. In view, also of the close scrutiny exercised by many of the Insurance Departments over rate making it behooves plate glass underwriters to adopt a system of rating which is not so susceptible of criticism as the one which is now in use.

The method followed, and seemingly with success, in other branches of casualty insurance could well be adopted here. Divide the business as a whole into as many parts as there are classes and charge against each division the losses occurring on each risk in such division. The result of this classifying of risks will show in time whether or not plate glass rates are equitably distributed. At the present time the plate glass underwriters, who have more than a slight idea of the relative merit of risks, appear in the minority. One is tempted to say that plate glass underwriting at the present time is founded on meager information and belief and developed by guesswork. The business is too important to be conducted on the hit or miss principles of to-day; probably in no other line of casualty insurance is so little attention paid to experience tables.

A plan which should be given careful consideration by the various companies interested in this line of insurance is that of providing for the elimination of waste in making surveys. This question has been

the subject of some discussion and it is quite likely that the effect of the deliberations of a committee which has been assigned to this subject will be the establishment of Central Survey or Inspection Bureaus in large centers which should prove to be of inestimable value to their subscribers. The establishment of these Bureaus will quite do away with the making of unnecessary surveys as unfortunately is the case at the present time. In large cities several companies are quite likely to be asked to bid on the same risk; each company sends a surveyor to do the purely mechanical work of measuring the glass, while one accurate survey would suffice, and if that survey were made by the Bureau, it would be recognized as the official survey of all companies. As one survey is sufficient, why should more be made?

Should the plan of organizing Central Inspection Bureaus prove feasible, it is more than likely that their scope will be extended to cover the adjustment of losses which are also mechanical. The same advantage which should be derived from the establishment of a Central Inspection Bureau will without doubt be found here. The objections which have been raised in other branches of insurance to the establishment of a Central Loss Adjustment Bureau do not lie against the formation of such a Bureau for the adjustment of glass losses. The question of dealing with the personal element in the settlement of personal claims is not found in the settlement of glass breakages, the glass neither swells nor shrinks and the price of the commodity does not vary in any given locality. At the present time each company sends its surveyors over the same ground that no doubt is being covered by other companies. If the situation were dealt with by one central organization there would be a decided lessening of the present useless waste of time, labor and expenses.

There is no question but what if the two Bureaus before referred to are organized and supported with that whole hearted feeling which such a movement naturally deserves, the resultant benefit not only to the public but to the companies as well cannot be overestimated. It must be admitted that centralization of effort and labor of necessity means an economy in production. In the long run with the cost of production and expense of loss reduced to its proper minimum, rates could be reduced to such an extent that the general public would receive great benefit and the companies would not suffer in the smallest degree. The history of our greatest organizations clearly points out that economy in production and elimination of all possible waste operate to the greatest profit. By no other means can the great industrial organizations about which we read be so successfully conducted.

The members of the Plate Glass Service and Information Bureau now and then come to the rough and rocky road made by the competition of non-members and while at times their spirit has shown signs of weakening and their fortitude lessening, they have in the main taken a firm hold on the reins and have borne the bumps and bruises accumulated while riding over the road with comparative calm. The competition of non-member companies while annoying at times should not be permitted to disturb an organization which has for one of its objects the charging of living rates.

The one hope for the plate glass branch of casualty insurance is that its prominent men broaden their views and exercise a little more initiative. The reduction of expenses both in cost of production and in the adjustment of losses is a feature which should be carried to its logical conclusion. In view of the vital importance which it means to the business as a whole, it is to be hoped that all underwriters will put their shoulders to the wheel and will bend their whole force to the continuation of the movement which in its conception means the betterment of conditions and in its conclusion a distinct benefit not only to the insuring public but to the insurers as well.

Address of Rawdon W. Myers, Assistant Secretary Aetna Accident & Liability Company, on "Co-operation"

Burglary Insurance is just emerging from a long and in many respects a trying experimental stage, which is full of lessons for our future guidance and welfare. During the past thirteen years the number of companies in the field has increased from five to about forty, and the premium income from less than \$500,000. to \$3,500,000.

The point has been reached, however, where a further proportionate increase is impossible under the conditions which have heretofore existed. While the present volume of premiums is undoubtedly due to the competition aroused by the large number of companies who have taken up burglary insurance as an adjunct to their other lines, it can hardly be said that the results have been entirely beneficial. Not satisfied with a reasonable growth, changes have appeared in policy forms giving much broader coverage without any corresponding increase in premium charge, or a proper experience to warrant them. Rates on certain classes of risk have been cut to the point of absolute folly. Increases have been made in commissions to agents bringing the cost of getting the business beyond reason. The older companies foresaw the inevitable result of such a policy and protested, urging co-operation on a basis of reason and actual experience, but with little effect. The newcomers were in the majority and seemed intent on staking there all on "beginners luck," seeing nothing but premiums and apparently trusting to Divine Providence that they would escape the inevitable consequences.

This unsatisfactory condition of affairs lasted with a few spasmodic attempts at reform, for over ten years. As soon as one company had been in the field long enough to realize the necessity for reform and was ready to adopt a sound conservative basis of underwriting another new company would spring up and everything would once more be wide open. The spirit of co-operation in the advancement and betterment of the burglary insurance business as a whole seemed entirely lost sight of by most companies in their eager rush for business. All acknowledged that conditions were most unsatisfactory, but instead of getting together with a sincere purpose of remedying the evils at some individual sacrifice, if necessary, there was a general tendency to hold back on whatever was proposed with the feeling that some company was trying to get an advantage and would not act in good faith.

The awakening has gradually come, however, and conditions are much improved, though we have made but a small beginning. What burglary insurance has been through is more or less a repetition of the history of all casualty lines during their early years, and we must now consider ourselves as entering upon a new era of co-operative betterment and expansion if we are to place burglary insurance in its proper position among the casualty insurance lines. The greatest benefit to the individual companies can only be derived by benefiting the business as a whole, which requires active co-operation from not only the standpoint of the company but also the agent and the policy-holder.

Co-operation is a greater necessity to insurance companies than to almost any other modern business enterprise, and yet it is seldom practiced to its full benefit. The manufacturer can by himself ascertain the net cost of his product to a penny before he puts it on the market, and he simply has to add a sufficient margin of profit. An insurance company on the other hand cannot determine the net cost of its insurance for at least a year after it has been sold, which leaves considerable latitude for taking chances at cut rates, the only basis of cost being its own previous experience, which, by itself, is more or less inadequate in all casualty lines owing to the changes in conditions which are constantly taking place. This is particularly true in regard to burglary insurance in view of the relatively few years it has been written, and the small total volume of premiums, and it is in this regard that co-operation may be practiced to the greatest advantage. While individually our experience counts for little in establishing the proper basis of cost, by combining it we cannot only accurately ascertain the cost but classify the experience in such a way as to show the particular policy features which are responsible for our present high loss ratio in some lines — particularly residence theft insurance — and the importance of immediately undertaking this work can hardly be over-estimated.

We know that the loss ratio on residence burglary and theft business has increased to an alarming extent during the past three years, and there is considerable agitation at the present time towards a general raise in rates on this class of business. Such action would, I believe, be a great detriment to the business without a thorough analysis, not only showing the particular policy conditions under which the losses are greatest, but a further territorial analysis by cities and states showing the relation of losses to population. If, for instance, it is found that a considerable proportion of the losses occur while houses are unoccupied, it would hardly be equitable to lay an equal additional tax on the policyholder whose house is always occupied, and the one who takes frequent advantage of the non-occupancy privilege, in order to offset these losses. We know in a general way that the loss ratio in the large cities and their immediate vicinities is higher than in smaller communities, and yet with a few exceptions our rates make no distinction in this regard.

The slow growth of the residence business in proportion to its possibilities has been largely due to these and similar inconsistencies, and now that the time has come when a readjustment of rates is imperative let us eliminate as far as possible these unfavorable conditions. By adopting a uniform increase in rates under our present policy form we might temporarily at least overcome our present high loss ratio and show some increase in premiums. What we need, however, more than that is a healthy stimulus to the actual growth of the business, especially in the smaller cities and communities, and that can only be obtained by a differential rating with a premium charge consistent as far as possible with the exposure. Such a revision if it is to be successful means a considerable amount of hard conscientious work. It can be accomplished, however, and like any other task once well started it is in reality much less difficult than it appears, and the results cannot fail to justify the effort many times over. In addition to the revisions necessary in the residence theft business, we all know that there are many other matters for serious consideration and adjustment in connection with the various other lines too numerous to discuss at this time.

What I desire to bring before you now is not so much the things that need correction, but the fact that such corrections cannot be properly made unless we can act together and in harmony. Even so, we cannot expect to achieve the impossible and accomplish all the necessary reforms at once. The situation calls for reform, not for revolution, and we must act slowly but surely, applying only the remedy which cures but does not disorganize. There has been in the past too much of a tendency

towards hasty and radical action, looking only for the immediate and often temporary benefit without due regard to the future, and this shortsighted policy is responsible for many of the evils existing to-day. We have ourselves allowed them to creep in, and in bringing about their correction we must bear our share of the burden along with the policyholder and the agent without doing violence to what long-established custom has led them to believe are their equitable rights.

We all realize the tremendous opportunities in burglary insurance — a field so great that the doubling of the present entire premium volume would hardly make an impression on the surface, and yet there has been so far little or no concerted effort towards its proper cultivation.

If in the future we are to progress in a degree more commensurate with the opportunities before us we must not only realize the necessity for co-operation but we must practice it actively and sincerely, and it is the opportunity and duty of the companies members of this International Association of Casualty and Surety Underwriters to take the lead among all the companies writing burglary insurance in bringing about a proper realization of the practical value of working together for the common end of permanent and reasonable profits on a steadily increasing volume of business.

Address of William H. Boehm, Superintendent Steam Boiler and Fly-Wheel Departments, The Fidelity & Casualty Company of New York, on "Factors of Safety in Engineering and Insurance"

FACTORS OF SAFETY IN GENERAL

Factors of safety in engineering is the ratio of breaking strength to safe load. Correspondingly, factors of safety in insurance is the ratio of underwriting profit to premium income. A successful engineering structure must have a fair factor of safety, and likewise a successful line of insurance must produce a fair underwriting profit.

In engineering a hazardous structure demands a high factor of safety, and likewise in insurance a hazardous line demands a high margin of profit.

The underlying reason is the same in both instances. In engineering the factor of safety takes care of variations in the supposed strength of the material, variations in workmanship, and conditions unforeseen at the time the structure was designed.

In insurance the margin of profit takes care of variations from the general average for that particular hazard, incomplete or misleading information given to the underwriter, and conditions unforeseen at the time of rating the risk.

An assumed factor of safety in engineering is composed of two parts, a real factor of safety, and a pure factor of ignorance. An assumed factor of safety in insurance is likewise composed of these two parts.

ENGINEERING FACTORS OF SAFETY

These remarks may be exemplified as follows: For a steel roof truss a factor of safety of *three* is sufficient,* because the maximum loading expected to be imposed upon it in service can be estimated beforehand, and because the strength of structural steel is uniform and dependable.

For a steam boiler a factor of safety of *five* should be employed, because the strength of boiler steel is not uniform, even in different parts of the same plate, because the strength is affected by the heat of the furnace, because the workmanship on the boiler cannot be depended upon, and because the safest of boilers is a dangerous menace to life and property.

For fly-wheels a factor of safety of *ten* on strength should be employed because they are made of cast iron, a material of such uncertain strength and low ductility that it may easily be fractured, because dangerous shrinkage strains are set up when the wheel is cast, because a factor of safety on strength of *ten* is equivalent to a margin of safety on speed of but little more than *three*, because the safety of the wheel is dependent upon governing mechanism which may get out of order and allow the wheel to race, and because a rotating fly-wheel is a dangerous menace to life and property.

*That is to say the roof is considered to be amply safe when it is so designed that it will sustain three times its expected loading.

INSURANCE FACTORS OF SAFETY

The insurance factors of safety in Liability risks, in Workmen's Compensation risks, in Steam Boiler risks, and in Fly-Wheel risks are largely dependent upon the engineering factors of safety. For if a roof falls, or a boiler explodes, or a fly-wheel disrupts the engineering factor of safety is wiped out and likewise the resultant property loss and personal injury damages may be sufficient to wipe out the insurance factor of safety. The insurance factor of safety is also largely dependent upon the number of risks in force, because the premium income from a small number of risks might not contribute enough in the lifetime of a company to pay for a single disastrous loss. I need not add that the factor of safety in insurance also depends upon many other things, most important of which is a well devised system of accident prevention, and not the least important of which is efficiency of management. All of these several factors must be taken carefully into account by the underwriter if, as has been said so well by President Holland of this Association, we are to provide our policyholders with stable rather than speculative insurance protection.

BOILER AND FLY-WHEEL INSURANCE FACTORS OF SAFETY

Inasmuch as I have been accorded the privilege of representing the Steam-Boiler and Fly-Wheel section of this Association, let us see to what extent my remarks are applicable to these two lines of insurance. Compared with other lines the volume of boiler insurance written is small, the annual income of all companies combined being only \$2,568,000, —and the engineering factor of safety is high. Correspondingly then the insurance factor of safety should be high. It is, however, now so low that it is exceedingly difficult for even the larger volume companies to show an underwriting profit. That smallness of volume seriously affects its factor of safety is shown by the interesting experience of a company that has a volume of boiler insurance approximating only \$20,000 annually. During one year it had a loss ratio of only one per cent., and during another year it had a loss ratio of nearly one hundred and forty per cent. That is to say it paid out for losses alone forty per cent. more than it received in premiums.

The total volume of fly-wheel insurance written annually is even less than the total volume of boiler insurance written annually; and the engineering factor of safety for fly-wheels is greater than the engineering factor of safety for boilers. Correspondingly then the factor of safety for fly-wheel insurance should be higher. This is confirmed by the fact that the combined loss ratio of all companies on fly-wheel insurance is higher than their combined loss ratio on boiler insurance. That smallness of volume seriously affects its factor of safety is shown by the experience of a company that has a volume of fly-wheel insurance approximating only \$4,000 annually. During one year it had a loss ratio of nothing, while during another year it had a loss ratio of over three hundred per cent. That is to say it paid out for losses alone three times as much as it received in premiums.

Another company having an annual income of only \$1,000 from fly-wheel insurance, during one year had a loss ratio of nothing, and during another year had a loss ratio of nearly one thousand per cent. That is to say, it paid out for losses alone nearly ten times as much as it received in premiums. It is interesting to note in passing that even the larger volume companies are sometimes hard hit. For during the first three weeks of this year a company that writes a very large volume of boiler insurance sustained losses from three boiler explosions that aggregated nearly \$200,000. It is readily seen from this how easy

it would be for a single disastrous explosion to more than wipe out for a number of years an estimated underwriting profit of five to ten per cent.

Who will say, therefore, that an estimated underwriting profit of even twenty per cent. will prove a sufficient factor of safety for hazardous lines like these?

FACTORS OF SAFETY FOR CASUALTY LINES IN GENERAL

But are the company members of this Association employing a sufficient factor of safety to take care of the unforeseen conditions that so seriously menace the future? Extracts from the financial statements for 1912 of companies transacting various casualty and liability lines and tabulated in the May 15th issue of "The Spectator" indicate they are not. Of the sixty-nine companies transacting these lines, thirty-six sustained an underwriting loss; and the combined results of the entire sixty-nine companies showed a net underwriting loss of 0.6 per cent. Great variations are observed in the percentages of underwriting profits and losses, ranging from a profit of 41.8 per cent. to a loss of 158.4 per cent. of the premium income. Grouped under the head of each line written, Casualty Companies show an underwriting loss of 1.5 per cent., Surety Companies a profit of 1.8 per cent., Plate Glass Companies a profit of 6.9 per cent., and remaining companies a loss of 0.5 per cent.

During the past ten years the combined underwriting profits of these sixty-nine companies steadily decreased. The vanishing point was reached in 1911, when there was a substantial underwriting loss. The loss in 1912 was even greater than in 1911, from which it is apparent that something must be accomplished to better the factor of safety, if stockholders are to receive a fair dividend on their investment and policyholders are to have proper guarantees for the payment of future losses.

STEAM-BOILER AND FLY-WHEEL INSURANCE

The steam-boiler and fly-wheel business has been in more or less of a demoralized state ever since the competitive writing of these lines began. There has been no co-operation as to insurance requirements for the proper construction and safe operation of boilers and fly-wheels; and there has been no interchange of experience or statistics, or opinions as to the rates for which steam-boiler and fly-wheel insurance could be written with safety. Company after company has entered the field, depressed rates, demoralized the business generally and then retired. The cost of boiler and fly-wheel inspection has steadily increased on account of the increase in the hotel and traveling expenses of inspectors, and the increasing mass of data required to be placed on file by state authorities. The loss ratio has increased on account of the greater amounts that must now be paid for personal injury losses under the new liability and workmen's compensation laws, and for other reasons. Rates have steadily decreased until they are now too near the danger line either for safety of the companies, or their policyholders.

BETTERING THE FACTOR OF SAFETY

The remedy for this condition, not only as respects steam-boiler and fly-wheel insurance but as respects other lines of the casualty and surety business, lies in co-operation. It is essential for the mutual interests of all the companies that they work together in entire harmony, and that a bureau be maintained for each line of insurance transacted, in order that the combined experience of all the companies be compiled, and equitable rates based upon this combined experience be formulated,

and strictly adhered to. Printed manuals containing such rates may be used by the companies jointly, not necessarily because of any agreement among themselves to do so, but solely because they believe them to be right rates.

Such bureaus are essential for the protection of the policyholder as well as for the protection of the company. The buyer of insurance, and the buyer of an ordinary commodity each acquires entirely different relations with respects to the seller. As was so aptly stated by Mr. Nadal, the buyer of hardware takes his purchase away with him, and is not concerned whether the seller continues solvent or goes into bankruptcy within the hour. But when the buyer of insurance takes his policy away with him, it is of vital importance to him that the company continues solvent throughout the term of the policy. He has not bought something that he can use when and as he pleases. He has bought a promise of the company to pay a sum of money (usually a very large sum) in case a loss occurs, and the value of that promise depends solely upon the continued solvency of the company.

I am glad to be able to announce that an important improvement in the present conditions of transacting steam-boiler and fly-wheel business is about to take place. The American Society of Mechanical Engineers has appointed a Commission to prepare a Standard Code for the Construction and Safe Operation of Steam Boilers. This Commission consists of Mr. John A. Stevens, Consulting Engineer, Prof. R. C. Carpenter of Cornell, and Prof. E. F. Muller of the Massachusetts Institute of Technology, representing the steam users' interest; Mr. C. L. Huston, representing the steel manufacturers' interest; Mr. H. C. Meinholtz and Mr. Richard Hammond, representing the boiler manufacturers' interest; and I have been accorded the honor of representing the boiler insurance interest. The preliminary work has been completed, and the Code is now being put in tentative form. When this has been done I shall have the pleasure of submitting it to you in order that we may secure the advantage of your criticisms and suggestions before the new Code is put into its final form.

And there has been formed by company members of the International Association of Casualty and Surety Underwriters a Steam Boiler and Fly-Wheel Service and Information Bureau. Mr. C. S. Blake, of The Hartford Steam Boiler Inspection and Insurance Company, is President, I am Secretary, and the three other members of the Executive Committee are Mr. L. F. Butler of the Travelers Indemnity Company, Mr. J. W. Rausch of the Maryland Casualty Company, and Mr. D. F. Reese of the Ocean Accident and Guarantee Co.

The organization of this Bureau is now nearly complete, and it is expected to be in full sway before the first of next September.

Report of Committee on Standard Manual or Uniform Classification of Risks

July 10, 1913.

TO THE INTERNATIONAL ASSOCIATION
OF CASUALTY AND SURETY UNDERWRITERS:

MR. PRESIDENT AND GENTLEMEN:

Your Committee on Standard Manual or Uniform Classification of Risks respectfully reports that it has no changes to recommend in the classification now used.

Manuals have been supplied companies since the last report as follows, no plates having been sold during the year:

	Manuals
Aetna Life Insurance Co., Hartford, Conn.	3,000 (Without R. R. Ratings)
American Bankers Insurance Co., Chicago, Ill.	500
Amicable Life Insurance Co., Waco, Tex.	2,000
Ben Hur Casualty Co., Crawfordsville, Ind.	1,000
Columbus Mutual Life Ins. Co., Columbus, Ohio.	500
Dominion, Gresham Guarantee & Cas. Co., Montreal, Can.	500
Fidelity & Deposit Company of Maryland, Baltimore, Md.	2,000
Law, Union & Rock Ins. Co., Ltd., (of London), Montreal, Can.	150
London Guarantee & Accident Co., Ltd., Chicago, Ill.	500
London & Lancashire Fire Ins. Co., Toronto, Can.	200
London & Lancashire Guarantee & Acc. Co., Hartford, Conn.	1,000
Massachusetts Bonding & Insurance Co., Boston, Mass.	1,000
Metropolitan Casualty Insurance Co., New York, N. Y.	50
North American Accident Ins. Co., Montreal, Can.	500
Norwich Union Fire Insurance Society, Ltd., Toronto, Can.	1,000
Occidental Life Ins. Co., Albuquerque, N. M.	300
San Francisco Life Insurance Co., San Francisco, Cal.	500
Standard Life Ins. Co. of America, Pittsburg, Pa.	500

Union Liability Co., Chicago, Ill.	1,000
United States Fidelity & Guaranty Co., Baltimore, Md.	300
TOTAL.	<u>16,500</u>

for which the Association charged..... \$958.50

The Disbursements have been as follows:

Dec., 1912, 10,000 Manuals.....	\$375.00
Standing Type (to 8/1/12).....	32.00
Apr., 1913, 10,000 Manuals (not paid 6/10/13).	<u>375.00</u>

Total Disbursements. 782.00

The balance of Receipts over Disbursements since last Report being..... \$176.50

Which added to previous profit of 1,236.18

makes a Total Profit to the Association of \$1,412.68
(Not including 10,715 Manuals and 1 set of plates in stock valued at \$672.69).

Since the first Association Manual was printed 160,031 copies have been sold, also 18 sets of plates.

Respectfully submitted,

J. M. PARKER, JR., *Chairman*,
BERTRAND A. PAGE,
EDWARD L. HEARN,
W. H. BETTS,
F. LEROY TEMPLEMAN.

Committee.

Report of the Hooper-Holmes Information Bureau (Casualty Department) for the Year Ending June 30, 1913

TO THE PERSONAL ACCIDENT AND HEALTH SECTION OF THE INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS:

Mr. Chairman and Gentlemen: In compliance with your request that we present at this meeting a report covering the operations of the Casualty Department of the Hooper-Holmes Information Bureau during the past year, we take pleasure in submitting the following report for the year ending June 30th, 1913. During this period the subscriptions of the following named companies were received:

Amicable Life Insurance Co.....	Waco, Texas
Fidelity & Casualty Co.....	New York, N. Y.
Imperial Assurance Co.....	Pittsburg, Pa.
Interstate Life & Accident Co.....	Chattanooga, Tenn.
Kansas City Casualty Co.....	Kansas City, Mo.
Missouri Fidelity & Casualty Co.....	Springfield, Mo.
National Life Insurance Co. of U. S. of A.....	Chicago, Ill.
New England Casualty Co.....	Boston, Mass.
Order of the Golden Seal.....	Roxbury, N. Y.
Pacific Surety Co.....	San Francisco, Cal.
Standard Life Insurance Co.....	Pittsburg, Pa.
United Casualty & Surety Co.....	Memphis, Tenn.

The details of the Casualty Department work show as usual a heavy increase in the number of reports rendered by the subscribers, and it is of interest to note the increased percentage of "duplicates" and printed card reports which clearly indicates the greater usefulness of the service year after year.

Reports were received during the year as follows:

ACCIDENT	
Accidents reported during the year.....	253,594
Accidents reported during previous year.....	211,088
Gain in number.....	42,506
Duplicates found and reported back.....	152,119
Percentage.....	59.98%
Percentage previous year.....	56.73%
SICKNESS	
Sicknesses reported during the year.....	138,878
Sicknesses reported during previous year.....	118,104
Gain in number.....	20,774
Duplicates found and reported back.....	53,899
Percentage.....	38.81%
Percentage previous year.....	30.4%
LIABILITY	
Liability claims reported during the year.....	1,956
Duplicates found and reported back.....	63
Percentage.....	3.22%

TOTALS

Total number of disabilities during the year.....	394,428
Total number reported during previous year.....	331,921
Gain in number.....	62,507
Total duplicates found and reported back.....	206,081
Total duplicates found during previous year.....	155,741
Gain in number.....	50,340
Percentage.....	52.25%
Percentage previous year.....	46.9%
Percentage of gain (duplicates).....	32.32%

PRINTED CARDS

Questionable risks.....	11,844
Rejections.	3,845
Cancellations.	11,822
Marked for non-renewal.....	4,977
Agents.	55
"Q" cards.....	47
Physicians.	9
Attorneys.	1
Total.	32,600
Total previous year.....	23,910
Gain in number.....	8,690
Percentage of gain.....	36.35%

SUMMARY

Total number of reports received during year.....	416,345
Total number of reports received previous year.....	348,043
Gain in number.....	68,302
Percentage of gain.....	19.62%
Reported back by duplicate or printed card to subscribers.....	238,681
Reported back during previous year.....	179,651
Gain in number.....	59,030
Percentage of gain.....	32.86%

On June 30th, 1913, the files of the Casualty Department contained 2,800,042 records, which are now increasing at the rate of over 400,000 a year. To the casualty companies the value of the service during the past few years has been materially enhanced through the co-operation in the Bureau work of a large number of the railroad and street railway systems throughout the country. The personal injury claim records of these subscribers frequently prove of great assistance to the claim departments of the accident and health companies and the co-operation thus established is of very substantial benefit to both classes of corporations.

In the Inspection Department there has also been a marked increase in the volume of the business handled, many of the accident and health companies, as well as many of the life companies, having extensively utilized this branch of the Bureau service for the inspection of applicants, risks, medical examiners, agents and claims. The successful operation of this department has proved of distinct benefit to the Casualty Department subscribers. Through a system of cross references the records thus accumulated, now many thousands in number, are examined in connection with the reports received from subscribers and in many cases information is thus furnished the latter which is of the utmost value, particularly to their claim departments. In this connection attention is also directed to the assistance derived by the subscribers through the relations established by the Bureau with a considerable number of the life insurance companies throughout the United States. From these companies, clients of the Inspection Department, it has been practicable in numerous instances for

us to secure confidential information regarding rejected applicants, claims, etc., which it might have been difficult, or perhaps impossible, for the subscribers themselves to have obtained.

We wish at this time to call the attention of our subscribers to the advisability of asking in their accident and health applications for the date and place of birth of the applicant. Under the form now generally in use only the age of the applicant is given. This we find results frequently in much confusion and uncertainty in determining the question of the identity of persons of the same name reported by various subscribers. For many years the life insurance companies, in reporting rejections and impairments, have employed the method suggested, and the confusion of names has thereby been reduced to a minimum. As the number of Bureau records increases this question of identification is becoming a serious problem, and we believe that much unnecessary correspondence between the subscribers could be avoided and greater efficiency attained by the adoption of this method of reporting. This would also enable subscribers to exchange information with the life companies, a matter which is now difficult and sometimes impossible because of the absence of this common basis of identification. While it would be necessary for many of the companies to amend their present application forms and insert questions calling for the date and place of birth, we are confident, after having given the matter careful consideration, that it would be very substantially to their interest to adopt this suggestion, and we strongly recommend that the matter be taken by them under early advisement.

In April of this year the Bureau, having outgrown its former quarters at 87 Nassau Street, removed its offices to 80 Maiden Lane, New York, where it now has improved facilities for the expeditious handling of its work.

As in former years, we shall as soon as practicable prepare and send to all subscribers a report embodying the data above set forth, together with a summary or tabulation for each company of the reports received from it during the year.

Respectfully submitted,

THE HOOPER-HOLMES INFORMATION BUREAU,
BAYARD P. HOLMES, President and General Manager.

80 Maiden Lane, New York,
July, 1913,

Report of the International Claim Association

July 10, 1913.

To the International Association of
Casualty and Surety Underwriters:

Gentlemen: We take pleasure in submitting for your information the following report relative to the work of the International Claim Association:

The membership of the organization at the present time consists of the following named companies and associations, 54 in number:

Ætna Life Insurance Co., Hartford, Conn.
American Assurance Co., Philadelphia, Pa.
American Casualty Co., Reading, Pa.
American Fidelity Co., Montpelier, Vt.
Bankers' Accident Ins. Co., Des Moines, Ia.
Business Men's Acc. Assn., Kansas City, Mo.
Canadian Railway Acc. Ins. Co., Montreal, Canada.
Columbian Natl. Life Ins. Co., Boston, Mass.
Commercial Casualty Ins. Co., Newark, N. J.
Commercial Travelers Mutual Acc. Assn., Utica, N. Y.
Commercial Travelers Eastern Acc. Assn., Boston, Mass.
Commercial Travelers Life & Acc. Assn., Cleveland, Ohio.
Continental Casualty Co., Chicago, Ill.
Employers' Liability Assur. Corp., Boston, Mass.
Equitable Accident Co., Boston, Mass.
European Accident Ins. Co., New York.
Fidelity & Deposit Co., Baltimore, Md.
Frankfort General Ins. Co., New York.
General Accident Assur. Corp., New York.
German Commercial Acc. Co., Philadelphia, Pa.
Globe Indemnity Co., New York.
Great Eastern Casualty Co., New York.
Great Western Acc. Assn., Des Moines, Ia.
Illinois Commercial Men's Assn., Chicago, Ill.
Indiana Travelers' Acc. Assn., Indianapolis, Ind.
International Reassurance Co., New York.
International Travelers Assn., Dallas, Texas.
Inter-State Business Men's Assn., Des Moines, Ia.
Iowa State Traveling Men's Assn., Des Moines, Ia.
London Guarantee & Acc. Co., Chicago, Ill.
Loyal Protective Ins. Co., Boston, Mass.
Maryland Casualty Co., Baltimore, Md.
Massachusetts Accident Co., Boston, Mass.
Massachusetts Bonding & Ins. Co., Boston, Mass.
Midland Casualty Co., Chicago, Ill.
National Casualty Co., Detroit, Mich.
National Masonic Provident Assn., Mansfield, Ohio.
New Amsterdam Casualty Co., New York.
New England Casualty Co., Boston, Mass.
New Jersey Fidelity & Plate Glass Ins. Co., Newark, N. J.
New York Casualty Co., Buffalo, N. Y.
North American Accident Ins. Co., Chicago, Ill.
Pacific Mutual Life Ins. Co., Los Angeles, Cal.

Philadelphia Life Ins. Co., Philadelphia, Pa.
 Physicians' Casualty Assn., Omaha, Nebr.
 Preferred Accident Ins. Co., New York.
 Royal Indemnity Co., New York.
 Travelers Insurance Co., Hartford, Conn.
 Union Casualty Ins. Co., Philadelphia, Pa.
 Order of United Coml. Trav., Columbus, Ohio.
 United States Casualty Co., New York.
 United States Fidelity & Guaranty Co., Baltimore, Md.
 United States Health & Accident Ins. Co., Saginaw, Mich.
 Woodmen Accident Assn., Omaha, Nebr.

Since the convention of 1911 there has been a very substantial increase in our membership, 22 companies and associations having enrolled during that period.

The 1912 convention was held at the International Hotel, Niagara Falls, September 18th, 19th and 20th. It was attended by delegates of 40 of the member companies, and its sessions were most interesting and instructive. The following papers were read and fully and exhaustively discussed:

"Is a Standard Form of Accident Policy Desirable?"
 "The Relative Importance of Claim Departments."
 "Our Common Foe."
 "Co-operation that Co-operates."
 "The Legal Progress of the Year."
 "The Differential Diagnosis Between Death Due to Cerebral Hemorrhage and Accidental Injuries to the Head."
 "The Desirability of Appointing a Committee to Collect Statistics."
 "The Claim Man's Diary."
 "The Risk."
 "Agency Settlements and the Home Office."
 "The Moral Hazard."
 "Some of the Problems of Claim Adjusting and Their Solution."
 "Theory vs. Practice in Accident Claims."
 "Death by Poison."

At that meeting the following officers were elected for the ensuing year:

President, Dr. Clovis M. Taylor, Chief Surgeon, The Order of United Commercial Travelers of America, Columbus, Ohio.
 Vice-President, M. Barratt Walker, Attorney-in-Charge, Casualty Claim Department, United States Fidelity & Guaranty Co., Baltimore, Md.
 Secretary, F. D. Harsh, Chief Adjuster, Iowa State Traveling Men's Association, Des Moines, Ia.
 Treasurer, F. L. Templeman, Manager Accident & Health Department, Maryland Casualty Co., Baltimore, Md.

EXECUTIVE COMMITTEE.

Dr. W. L. Gahagan, Chairman, Supt. Accident & Health Department, Globe Indemnity Co., New York.
 P. B. Eyler, Chief Adjuster, Ætna Life Insurance Co., Hartford, Conn.
 Morton E. Weldy, Supt. Claim Department, Bankers Accident Insurance Co., Des Moines, Iowa.
 F. J. Canty, General Counsel, London Guarantee & Accident Insurance Co., Chicago, Ill.
 G. D. Swann, Claim Adjuster, Canadian Railway Accident Insurance Co., Montreal, Canada.

The Fourth Annual Convention of the Association will be held at the Hotel Patten, Chattanooga, Tenn., October 8th, 9th and 10th, 1913. At that meeting the program, as arranged, will include the following papers:

- "Eye Sight When Destroyed Completely."
- "Sub Rosa Settlement of Claims vs. Co-operation."
- "Uniform Requirements on Cancellations and Waivers."
- "Co-operation."
- "The Practical Method of Handling Hernia Claims Under Accident Policies."
- "Fraudulent Claims and Punishment of Claimant."
- "Why the Routine Adjuster Fails."
- "The Advantage of an Independent Adjuster."
- "Policy (Accident)."
- "The Frenzied Underwriting of Present Day Contracts by the Old Line Companies."
- "Chronic Diseases."
- "The Technique of Agency Adjustments, Including Exhibit of Forms Used."
- "Septic Infection in Connection with Accident Insurance."
- "The Legal Phase of Autopsies."
- "What Constitutes Regular Attendance by a Legally Qualified Physician Under an Accident and Health Policy?"
- "When is a Disease to be Termed Chronic?"
- "The Effect of the Acceptance of an Overdue Premium."
- "Neurasthenia and Neuritis."
- "Diseases not Common to Both Sexes; Does this Limit a Man's Insurance?"

We anticipate that there will be a large attendance at the next convention, and, in this connection, we would respectfully suggest that it would be materially to the interest of those few of your member companies, writing accident and health insurance, which are not yet enrolled as members of the International Claim Association to affiliate with our organization at an early date and to send one or more of their Claim Department men to the Chattanooga meeting.

In conclusion, I take pleasure in stating that we believe the work which is being accomplished by our Association is proving of distinct benefit to the members individually and to the business generally of health and accident insurance. The conventions thus far held have been characterized throughout by an earnestness of purpose and a thoroughness of discussion of practical questions which auger well for the success of our future efforts.

Extending to you cordial and fraternal greetings, and trusting that each of the members of your personal accident and health sections will be represented at our meeting in October by at least one of its Claim Department officials, I am,

Faithfully yours,

CLOVIS M. TAYLOR,
President, INTERNATIONAL CLAIM ASSOCIATION.

Report of the Committee on Co-operation with the National Association of Manufacturers

TO THE CHAIRMAN AND MEMBERS OF THE INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS:

At the Annual Convention held at Old Point Comfort in 1912, the National Association of Manufacturers, through Mr. F. C. Schwedtman, Chairman of the Committee for Accident Prevention and Workmen's Compensation, invited the liability companies to co-operate with the National Association of Manufacturers in a campaign of accident prevention.

In October of 1912, your committee met Mr. Schwedtman's Committee and a report was made to the Liability Section of the International Association of Casualty and Surety Underwriters at a meeting held November 26th at the Hotel Astor.

In view of the fact that the primary purpose for which the Committee was formed has been accomplished, as evidenced by the establishment of the Inspection and Classification Department of the Workmen's Compensation Service Bureau, I would respectfully recommend that the Committee be discharged.

THEO. E. GATY, Chairman.

PROGRAM OF ENTERTAINMENT

Tuesday, July 8th

3:00 P. M. HARBOR TRIP.

8:30 P. M. AUCTION AND BRIDGE.

There will be Auction and Bridge in Parlor. Prizes for highest scores will be awarded to both ladies and gentlemen.

Those desiring to participate will kindly indicate their intention to the Chairman as early as possible on Tuesday.

DANCING.

There will be informal Dancing in Parlor throughout the evening.

8:30 P. M. OBSERVATION CAR TRIP AROUND CITY.

Wednesday, July 9th

1:15 P. M. GROUP PHOTOGRAPH.

A Group Photograph of all Members and Guests will be taken on Dufferin Terrace.

Thursday, July 10th

2:30 P. M. CITY TRIP.

There will be an organized trip to interesting points in the City and Citadel.

The Chairman will be glad if those intending to participate in this event will enter their names as early as possible, as arrangements for the proper number of vehicles have to be made.

7:30 P. M. BANQUET.

Friday, July 11th

AFTERNOON. SHRINE AND FALLS TRIP.

There will be a trip to the celebrated Shrine of Ste. Anne de Beaupre and the beautiful Montmorency Falls.

The following arrangements have been made:

Special Cars will leave the Chateau Frontenac for Quebec Station,

St. Paul Street.....	1:45 P. M.
Leave Quebec Station.....	2:15 P. M.
Arrive St. Anne.....	3:00 P. M.
Leave St. Anne.....	4:00 P. M.
Arrive Montmorency Falls.....	4:50 P. M.
Leave Montmorency Falls.....	6:00 P. M.
Arrive Quebec.....	6:20 P. M.
Arrive Chateau Frontenac.....	6:45 P. M.

Those desiring to make this trip will please signify their intention to the Chairman as early as possible, as arrangements have to be made for special train according to the number intending to be present.

Saturday, July 12th

7:00 A. M. WORLD-FAMED SAGUENAY TRIP.

Steamer will leave at 7:00 A. M.

Breakfast to be taken on board.

Round fare \$13.00, which will include six meals and berth.

Return to Quebec Sunday P. M.

Intending participants are requested to enter their names early, so that comfortable berths may be secured.

GOLF.

The courtesy of the Quebec Golf Club has been extended to the Members and Guests of the Association attending the Convention. Those wishing to avail themselves of this privilege will kindly make arrangements with the Hotel Manager.

Each event on Program will take place exactly at the hour stated, and strict punctuality on the part of those desiring to participate will in every case be necessary.

Any change in the order of the items mentioned on Program will be made by special announcement.

CONSTITUTION
of the
**INTERNATIONAL ASSOCIATION OF CASUALTY AND
SURETY UNDERWRITERS**

ARTICLE I.

Section 1. The name of this Association shall be INTERNATIONAL ASSOCIATION OF CASUALTY AND SURETY UNDERWRITERS.

Section 2. Any company or association of the United States, or of Canada or any other country, authorized by the supervising insurance official of any of the United States, or of the District of Columbia, or of any province of Canada, to transact any class of casualty insurance or surety business in any of the United States or the Dominion of Canada, shall be eligible to membership.

Section 3. Any person engaged in or connected with any class of casualty insurance or surety business in the United States may be admitted to individual membership. Individual members shall be entitled to all of the privileges of company or association membership except the right to vote.

Section 4. Persons who have attained distinction and eminence as underwriters may be admitted to honorary membership upon the recommendation of the Executive Committee. Honorary members shall be entitled to all of the privileges of company or association membership except the right to vote, and shall be exempt from the payment of all fees and dues.

ARTICLE II.

Section 1. The objects and purposes of this Association shall be to promote good will, harmony, confidence and co-operation generally between the members, to devise and give effect to measures for the protection of their common interests and to observe the amenities that should exist between companies and associations.

ARTICLE III.

Section 1. The officers of this Association shall be a President, seven (7) Vice-Presidents, a Secretary, a Treasurer and a Librarian, with the usual powers and duties of such officers. They shall be elected by ballot at each annual meeting of the Association and shall hold office for one year or until their successors are elected. Any such officer shall be eligible to re-election.

Section 2. The several Vice-Presidents shall be selected as follows: One Vice-President shall be elected by the Association from the nominees for that office presented by stock companies which transact the business of personal accident and health insurance; one other shall be elected from the nominees presented by the companies which transact the business of personal accident and health insurance on the assessment plan; one other shall be elected from the nominees presented by the companies which transact the business of fidelity, guaranty and surety insurance; one other shall be elected from the nominees presented by the companies

which transact the business of liability insurance (including automobiles and teams insurance); one other shall be elected from the nominees presented by the companies which transact the business of plate glass insurance; one other shall be elected from the nominees presented by the companies which transact the business of burglary insurance; and one other shall be elected from the nominees presented by the companies which transact the business of steam boiler and fly-wheel insurance.

ARTICLE IV.

Section 1. There shall be an Executive Committee to consist of a Chairman and four other elective members, the President, the seven (7) Vice-Presidents, the Secretary and the Treasurer of the Association *ex officio*. The elective members shall be elected by ballot at each annual meeting of the Association and shall hold office for one year and until their successors are elected. Elective members shall be eligible to re-election.

Section 2. The President shall appoint such standing or special committees as the Association or Executive Committee shall recommend, whose term of office shall continue until the next annual meeting of the Association, at which they shall report or they may report at any time to the Executive Committee.

ARTICLE V.

Section 1. At all meetings of the Association, or of the Executive or other Committees the majority vote of the members present shall govern. In case of a tie or equal vote that of the presiding officer shall be decisive.

ARTICLE VI.

Section 1. The Association shall have the power to make such by-laws for the government of its affairs as it may deem necessary.

ARTICLE VII.

Section 1. The Executive Committee shall fill all offices which may become vacant and all vacancies which may occur in the Executive Committee between the meetings of the Association.

ARTICLE VIII.

Section 1. This Constitution may be amended at any annual meeting of the Association by a two-thirds vote of the members present. It may also be amended at any special meeting by a two-thirds vote of all voting members of the Association provided that notice of the proposed amendment shall have been given to the members thirty days prior to such special meeting. Members may vote on proposed amendments at special meetings in person or by proxy.

BY-LAWS
of the
**INTERNATIONAL ASSOCIATION OF CASUALTY AND
SURETY UNDERWRITERS**

ARTICLE I.

Section 1. An annual meeting of this Association shall be held in each year at such time and place as may be determined by the Association or by its Executive Committee, by a majority vote, at which meeting officers for the ensuing year shall be elected.

Section 2. A special meeting may be called upon request of the Executive Committee and shall be called upon the request of one-third of the then voting membership of the Association. At such special meeting one-third of the membership of the Association at such meeting shall constitute a quorum for the transaction of business.

Section 3. At all meetings of the Association each voting member shall be entitled to one vote but may be represented by two or more delegates who are duly accredited as such representatives by an executive officer.

ARTICLE II.

Section 1. Applications for membership in the Association shall be made in writing by the President, the Secretary or other regular officer of the company or association applying, and shall be referred to the Executive Committee for action. Applications for membership may be approved at any annual or special meeting of the Association, or between annual meetings by the Executive Committee.

Section 2. Any company or association shall cease to be a member if it shall fail to conform to the requirements of the Constitution and By-Laws, or upon the withdrawal of its authority to do business by the supervising insurance official of its home state, if a domestic company, or, if a foreign company, by the home government or the supervising official of the state of the United States, or the Province of Canada in which its principal American office is located.

Section 3. Any company or association may withdraw from membership upon the expiration of sixty days' written notice to the President or Secretary and after the payment of all dues and assessments.

Section 4. Any company or association whose application for membership may not be accepted by the Executive Committee shall have the right to appeal to the Association.

ARTICLE III.

Section 1. The Executive Committee shall determine the times and frequency of its meetings, shall exercise all necessary powers to promote the purposes of the Association as declared in the Constitution and By-Laws, and to that end shall consider all measures proposed for the common welfare and endeavor to assure the adoption by members of the Association of all such measures as shall in its judgment be valuable and practicable. The Executive Committee shall also endeavor to procure co-operation in any other matters promotive of sound underwriting and the general good of the members of the Association and shall supervise the compilation and publication of the proceedings of the Association by the Secretary.

Section 2. Each Executive Committee shall at its first meeting name an Auditing Committee of three, not necessarily of its own members, whose duty it shall be to audit the bills of the Association and, if approved, forward the same to the Treasurer for payment. The Auditing Committee shall hold office until their successors shall have been appointed.

Section 3. A Committee to be known as the George E. McNeill Medal Committee shall be appointed by the Association and shall be charged with the duty of gathering reports of acts of heroism. It shall annually report to the Executive Committee not to exceed three notable acts of heroism performed by persons in the United States or Canada, resulting in the saving of human life, and not performed by a person whose regular paid employment requires such an act in the line of duty. This Committee shall cause to be made from time to time from the permanent die to be adopted by the Association medals as may be required, at a cost not exceeding One Hundred Dollars (\$100.00) each, and shall cause such medals to be suitably inscribed.

Section 4. The Executive Committee shall annually award upon the report of the George E. McNeill Medal Committee not to exceed three George E. McNeill medals for notable acts of heroism and shall arrange for the presentation of such medal or medals by such persons or body as it may designate except in cases where it shall be practicable to make the presentation of the medals at the annual meetings of the Association.

Section 5. The Association shall elect the following standing committees, to wit:

Committee on Stock Accident and Health Insurance.

Committee on Accident and Health Insurance on the Assessment Plan.

Committee on Fidelity, Guaranty and Surety Insurance.

Committee on Liability Insurance.

Committee on Plate Glass Insurance.

Committee on Burglary Insurance.

Committee on Steam Boiler and Fly Wheel Insurance.

Each such committee shall consist of not less than three nor more than five members, including as Chairman for each the Vice-President who shall represent the same class of insurance. The members of the several committees shall be nominated by the companies which transact the class of insurance for which the Committee shall stand. Each of these committees may arrange, subject to the approval of the Executive Committee, for sectional meetings at each annual meeting of the Association for the discussion of papers and topics relating to its own class or classes of insurance. The filling of any casual vacancies on any of these committees shall rest with the remaining members of the committee concerned, subject to the approval of the Executive Committee.

ARTICLE IV.

Section 1. Each company or association admitted after the adoption of these By-Laws shall pay an entrance fee of Fifty (\$50.00) Dollars upon becoming a member of the Association, except that where the annual gross premium income of such company or association during the preceding year was less than One Hundred Thousand (\$100,000.00) Dollars the entrance fee shall be Twenty-five (\$25.00) Dollars. Individuals admitted to membership shall pay an entrance fee of Twenty-five (\$25.00) Dollars.

Section 2. The annual dues shall be Fifty (\$50.00) Dollars for companies or associations having an annual gross premium income in excess of One Hundred Thousand (\$100,000.00) Dollars and Twenty-five (\$25.00) Dollars for all other companies, associations or individuals.

Section 3. The expense of the Association not covered by the membership fees and annual dues shall be borne by the several companies and associations forming the same in proportion to the amount of gross premiums received on any and all forms of casualty and surety insurance in the United States and Canada as reported to the Insurance Departments, the expenses of any year to be apportioned upon such gross premiums received during the preceding calendar year.

Section 4. The fiscal year shall end on June 30th. The dues shall be payable annually in advance of the first day of July for the ensuing year. Any member which shall fail to pay any dues, fees, or assessments provided for in any year, may, thirty days from the date when the same were due and payable, be dropped from the roll of the Association by a vote of the Executive Committee and shall be reinstated only by vote of such Committee upon payment of all arrears.

Section 5. Assessments shall be levied by the Association, or by the Executive Committee, and shall be collected by the Treasurer.

ARTICLE V.

Section 1. These By-Laws may be amended at any annual meeting of the Association by a majority vote of the members present. They may also be amended at any special meeting by a two-thirds vote of the members present, provided that notice of the proposed amendment shall have been given to the members thirty days prior to such special meeting.

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